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Daily Report
Latin America

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Argentine Economy Minister Addresses Davos Forum

PY0602004696 Buenos Aires TELAM in Spanish 1920 GMT 3 Feb 96

[FBIS Translated Text] Davos, 3 Feb (TELAM/SNI) — Argentine Economy Minister Domingo Cavallo and his Brazilian colleague, Pedro Malan, today lauded the vehicle agreement that was recently signed by the two countries within the framework of Mercosur [Common Market of the South].

Cavallo said that "the agreement regarding the trade in vehicles will allow the two countries to have clear rules of the game and of competition."

The Argentine minister and Malan gave a joint new conference at the World Economic Forum, in which businessmen interested in investing in Mercosur participated.

The two ministers, along with Paraguayan Foreign Minister Luis Ramirez Boettner, answered questions on the regional integration process and on the modification of the Brazilian exchange band for 30 minutes.

Cavallo explained that "there was no devaluation in Brazil but a change in the exchange band, a change to obtain a more ample fluctuation band than the fixed exchange rate that exists in Argentina."

Malan said that "Mercosur has had outstanding success in a short period of time."

He explained that integration within the region is "an irreversible process," an initiative that means a "regional option that we have never had in our history."

The three ministers agreed that they are expecting a quick economic growth of the member countries within the next few years, and that Mercosur is not incompatible with other trade groups, but rather to the contrary.

Malan termed the group, which also includes Uruguay, as "a subregional option that has been designed to increase production, attract foreign investment, and obtain greater integration with a multilateral trade system."

Regarding the possibility of Chile joining the common market, Cavallo considered that "it is very interesting, and we hope that Chile will join as soon as possible, as well as other countries in the region, such as Bolivia."

"But, going back to Chile, this country will have to adjust its taxes to those of Mercosur and we have to work in this respect," he added.

Cavallo admitted that there is a high unemployment rate in Argentina and he said that he favors a "much higher and unavoidable" reduction "of labor costs."

While Cavallo was answering the media on the first floor of the Davos Convention Center, ministers, businessmen, and journalists from all over the world were carrying out frenetic activity throughout the rest of the center.

On 4 February Cavallo will meet with the IMF's No. 2 man, Stanley Fisher, and in the evening he will attend the dinner being given for all the participants in the forum.

The minister will join President Carlos Menem's entourage on 4 February. Menem is expected to arrive in this city just after 1000.

At 1630 Cavallo will join Menem in a news conference that will take place following the Argentine president's address to the international forum.

South Pacific Council Condemns French Nuclear Test

PY0202192496 Lima EL COMERCIO in Spanish 30 Jan 96 p A5

[FBIS Translated Text] Following the sixth and most powerful nuclear test by the French Government, this time on the Fangataufa Atoll, the General Secretariat of the South Pacific Permanent Commission (CPPS) yesterday issued a communique strongly condemning this serious setback in world efforts toward a disarmament and nuclear proliferation.

The communique warns that these tests, which began in September 1995 despite generalized protests from the international community, represent a potential risk to the health and security of the inhabitants of the Pacific rim and the local biodiversity.

The CPPS adds: "The test explosions spoil the climate that should prevail during the negotiations which resumed on 23 January at the Disarmament Conference in Geneva, seeking a full ban on nuclear tests by mid-1996."

The CPPS general secretariat states that it is coordinating efforts with the Foreign Ministries of Colombia, Chile, Ecuador, and Peru to increase those countries' capability to monitor radioactive contamination in the Southeastern Pacific.

The communique ends with an appeal to the French Government "to immediately and definitely suspend nuclear tests in the South Pacific."

which is already being used in police training, both at the academy and in the brigades.

Cuban Guantanamo Provincial Assembly Elects President

PA0202222896 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] Guantanamo's Provincial Assembly of the People's Government [APPP] elected its new president during a special session held today. The new president is Rolando Calzada Cano, 34 years old and a specialist in physical geography, who has had a good record as vice president of the Provincial Administrative Council and also as member of the party's Politburo. The vacancy available after the death of Comrade (Luis Arsenio Pacheco Alvarez) in June 1995 has thus been filled.

Rider Diaz Leiva, first secretary of the party in Guantanamo and deputy of the National Assembly of the People's Government, stated that the election of the APPP's new president was postponed at that time to avoid delays in important jobs, such as those related to the celebration of the central ceremony to mark the 26th July anniversary. He added that eight candidates — all from Guantanamo — were considered for the post, and the deliberation and review was expedited after September.

Calzada stated that the jobs to be tackled immediately are specified in the Titan 96 working plan, with which the province hopes to honor Maceo during the centenary of his death in combat.

[Begin Calzada recording] In the first place, we must boost sugarcane harvest programs. We have pledged to achieve the sugarcane goal set for 17 April. [end recording]

Cuban Minister: Less Power Outages This Year

PA0402234896 Havana PRENSA LATINA in Spanish 1414 GMT 3 Feb 96

[FBIS Translated Text] Havana, 3 Feb (PL) — GRANMA newspaper published today that the annoying evening power outages, which have been one of the repercussions of the economic crisis in Cuba during the past five years, will be reduced in 1996.

According to the newspaper, Basic Industry Minister Marcos Portal asserted yesterday that one of the ministry's principle objectives for this year is to increase the power system's efficiency as this will allow the sector to increase the amount of electricity that is supplied to the country.

Reviewing the sector's behavior in 1995, the minister announced that national power generation increased 6 percent because less fuel had been used, and this has implied a savings of 41,700 metric tons of oil.

Regarding the advantages of the use of national hydrocarbons — which are considered to be heavy due to the high sulfur content — Portal revealed that by using them the country did not have to spend approximately $49 million to purchase fuel oil [previous two words in English] in the international market, which has also helped increase this industry's profits.

In the top-level official's opinion, one of the biggest difficulties this year will be to exploit two of the main plants on the Caribbean island — Felton and Santa Cruz — and decrease the big losses that occur in the distribution network due to its bad technical conditions.

Likewise, he stressed the urgent need to modernize the thermoelectric plants and to broaden their installed capacity with their own and state financial resources. Those plants did not produce the levels of previous years, when more than 110 million pesos (same amount in dollars) were invested.

Technicians Repair Cuba's Cienfuegos Electric Plant

PA0202232396 Havana Cuba Vision Network in Spanish 0100 GMT 31 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] Workers, technicians, and specialists from the Electric Plant Maintenance Enterprise have completed comprehensive repairs on the Carlos Manuel de Cespedes Electric Plant in Cienfuegos. The maintenance included the boiler, turbine, generator, and auxiliary equipment for a 159-megawatts unit. The maintenance, which required good technical skills and precision was completed without Japanese supervision; the unit came from Japan.

The repair of the generator for the first time after 17 years in service was among the most complex jobs.

To have had Hitachi advisers help with the maintenance would have meant a stipend of $40,000 for the country. The Carlos Manuel de Cespedes Electric Plant, one of the most efficient in the country, has held national vanguard status for 17 years.

Roundup of Cuban Sugarcane Developments Through 4 Feb

PA0502162796

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 4 February.

Holguin Province has exceeded its sugar plan during the first part of the current harvest. The yield index, however, has fallen slightly below planned parameters, and the percentage of debris present in the sugar is reportedly high, which have become obstacles to industrial efficiency and hurt the final product's quality. The Cristino Naranjo Sugar Mill in Holguin has 25 sugar combines, which have a modern feature that cuts away the upper leaves of the sugar cane. This process is supposed to eliminate a lot of debris, yet the results are the opposite, and studies are under way to determine the causes. (Havana Cubavision Network in Spanish 0100 GMT 31 Jan 96)

The Camaguey Province sugar cane growers planted 66 caballerias of sugar cane during January, 11 more than planned during that phase. The province is, thus, well-positioned to plant close to 100 caballerias during February and has advanced the first quarter's program totaling 658 caballerias. (Havana Radio Rebelde Network in Spanish 1800 GMT 1 Feb 96)

The main problems of sugar cane milling in Camaguey Province lie with the industry and low levels of mechanized cutting. Lost time during the last 10 days of January has reportedly risen to 38.14 percent, and only 9 percent of that can be blamed on agriculture. Industry downtime and breakdowns in the sugar mills are the two main factors contributing to lost time. The resulting yield fell short of expectations during the last 10 days of January. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Feb 96)

The Jorge Dimitro Brigade from the Havana transportation workers union has become the first in the country to cut 1 million arrobas of sugarcane just 39 days into the current harvest. This averages more than 25,900 arrobas of sugarcane cut by 490 cutters per day. (Havana Radio Rebelde Network in Spanish 1255 GMT 3 Feb 96)

Cuba: Correction to Foreign Minister Discusses 1995 Work

PA0202223196 Havana PRENSA LATINA in Spanish 1952 GMT 29 Jan 96

[Corrected version of pa0102011296: explanatory note describes difference from initial FBIS version]

[FBIS Translated Text] Havana, 29 Jan (PL) — Cuban Foreign Minister Roberto Robaina stated today that the thesis that Cuba is internationally isolated is a big lie and a myth concocted to discredit the country.

Robaina observed that out of the 185 member countries in the United Nations, a total of 155 have diplomatic and consular relations with the island and that there are 86 accredited diplomatic representations in Havana.

Not many countries, he stated, have broadened the circle of their international relations to this extent, especially in our area, because Cuba is among the 20 nations that have the most ties with the rest of the world.

In an interview with the OPCIONES weekly publication, the minister said that, amid the special situation on the island currently, conditions existed to allow President Fidel Castro to keep a complicated travel program abroad.

There is this fact, which is still more important, that the most authorized voice of Cuba was received, at the highest level, in 10 countries and in several important international arenas, he observed.

Referring to the work done by the Foreign Ministry to divulge Cuba's reality abroad, he highlighted that this endeavor is a priority and has allowed them to report abroad on the country's economic potential, its industrial and social infrastructure, as well as the people's levels of ability and culture.

The world wants to know if the changes will make our country more efficient and competitive and allow it to respond better to the growing needs of our population because, for many, we are a reason to hope, he emphasized.

Robaina explained that, based on this, investment, foreign financing, economic expansion, advisory services, tourism, and commerce are assessed and matters of principle, "such as respect for our national independence, sovereignty, political order, and legal norms," are clearly asserted.

At another point in the interview, Robaina referred to U.S. businessmen's growing interest in the possibilities for investing in and doing business with the island.

When we contact them, he said, the first thing we try to explain to them is, precisely, how dishonorable it is for their powerful country to have damaged ours in such a cruel manner, with the blockade, solely because it wants to be free, independent, and sovereign.

Robaina stated that when U.S. businessmen discover that Canadians, Spanish, French, or Swiss have, without any trauma, commercial relations with Cuba, they feel they have been cheated by their government for years.

"Just in the past year, representatives from 261 U.S. companies and hundreds of businessmen from the most diverse fields and sectors have visited the country, including 67 of the leading economic companies in the country," he reported. The minister added that letters of intent have been signed with U.S. businessmen and, increasingly, competitors who are more daring are turning up.

Assessing the current ties between Cuba and the emigres, the foreign minister stressed that both sides want each step they take to be sufficiently solid so as not to have to retract it.

After confirming that Cuban law does not exclude emigrants from the possibility of making investments in their country of origin, he noted that U.S. laws do not allow emigres to take such action and pointed to the negative political stands adopted by some of the emigres.

However, he noted, there are very respectful emigres who are totally interested in having normal relations with Cuba. We should not, however, exaggerate the issue, because almost 90 percent of our emigres can scarcely work to live decently, survive, and help their relatives, he stated.

Finally, in response to a question, Robaina asserted that the success obtained by Cuban diplomacy in 1995 is more than an honor; it is a challenge and a source of permanent dissatisfaction [insatisfaccion] [adding vernacular from initial FBIS version, confirming word as received] for those who work in the sector, inside and outside of the island.

The efforts and results of other organizations, in addition to the Foreign Ministry, in furthering Cuban foreign policy has also served to boost Cuban economic development, foreign investment, tourism, commerce, biotechnology, and other sectors, he stated.

"Our diplomacy in 1995 responded to the needs and realities of that year. It was the diplomacy of a period in which Cuba showed the world that the collapse of socialism was not occurring in the Caribbean," he concluded.

Dominican Republic

Dominican Republic's Balaguer Meets Haitian Official

PA0302033396 Port-au-Prince Signal FM Radio in French 1130 GMT 1 Feb 96

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] Toward the normalization of Haitian-Dominican relations: At the conclusion of a meeting with Dominican President Joaquim Balaguer, Haitian Minister of Foreign Affairs Fritz Longchamp told the press on 31 January that President Balaguer has offered total support to the joint statement he signed with Dominican chancellor (Carlos Morales Troncoso) during his visit in the Dominican Republic.

The head of Haitian diplomacy pointed out that he noted in the Dominican rulers a true political willingness to resolve the problems existing between the two countries. He, however, asserted that the accession within eight days of a new president in Haiti does not at all mean an interruption in Haitian-Dominican relations, all the more because the new president comes from the same party as the outgoing president. [passage omitted]

Haiti

Haitian Bill Proposes Security, Benefits for President

PA0402031696 Port-au-Prince Radio Metropole in French 1145 GMT 2 Feb 96

[Report by Edner Jean from "The Morning Newscast" — passages within slantlines in Creole; passages within quotation marks recorded]

[FBIS Translated Text] The Haitian Parliament has to vote on the bill on security for former heads of state who have been democratically elected. The bill proposed by the outgoing government of President Jean-Bertrand Aristide provides for the former president to receive 80 percent of his salary. Discussions have already begun at Parliament.

Edner Jean reports.

[Jean] The legislative body has officially proposed this bill, but we have learned from reliable sources that the private secretariat of President Jean-Bertrand Aristide has prepared the text. In one of the articles, the author of the bill says certain citizens are often the target of harassment due to the functions they carry out or have carried out in managing the state's business; therefore, it is advisable to guarantee their protection so, another article adds, the country may continue benefiting from their experiences.

In the first article, they emphatically state that only the prior, legitimately elected presidents of the Republic are entitled to receive the benefits of this law. We all know that Jean-Bertrand Aristide is the only prior, legitimately elected president, at least he will be so within six days. They might say he will be the unique beneficiary of this legal clause and expect his successor, Rene Preval, to join him in this category.

In addition to the protection of and security for the former president, paid for by the state per Article No. 3, Article No. 5 and subsequent articles provide for the establishment of a private secretariat, including an executive secretary, a spokesperson, a protocol management member, and an adviser, among others, for the former president. This private secretariat will draw its salaries from the budget of the Republic. Another article stipulates that the former head of state will receive 80 percent of his presidential salary as retirement pay.

These are the main clauses of this bill, which a commission has studied, but the president of this commission, Senator Gelerme Laguerre, is willing to ask the assembly to adopt it after a slight modification:

[Laguerre] "/Take the president's secretariat, for instance. If it is paid for as provided in the bill, this would be normal. The number of people comprising it may be the subject of debate, but it is something normal, because what is a president of the Republic? We can say he is an august personality, because the state.... [pauses] The nation is not a joke. When somebody.... [pauses] who was leading a country no longer heads it, he is no longer its leader, but he is there to provide advice; therefore, I believe it is not exaggerated if the law provides for a former president to have a secretariat even after his term. We obviously are not asking that it be a suffocating or budget consuming bureaucracy, but it is not bad all the same./"

[Jean] Senator Eudrice Raymond has voiced serious reservations about the spirit of this bill. The former president of the National Assembly has said the provisions of this bill were made to gauge the measure of a man, Jean-Bertrand Aristide. Eudrice Raymond has advocated the extension of these clauses to the other bodies of the state:

[Raymond] "/There are others in the state bodies who are also useful and essential to the country and who would deserve protection as well. When we look at this bill, it tells you in a vague manner in Article 2 that this protection can be extended to other members of the state bodies. Seven out of eight articles focus on the former president; thus, I would like for us to stress the necessity to protect the state bodies as institutions. Based on that point, we can say that the sovereign is the people, and the people must have total security. We will then be able to say without remorse that all citizens in the state bodies can enjoy security./"

[Jean] Senator Clark Parent, a presidential candidate and a possible beneficiary of this law, believes a former president is supposed to enjoy certain privileges, but he has expressed his fears about seeing two presidents in the country at the same time:

[Parent] "/I believe the president should have all.... [pauses] must not die in misery after he leaves power. He must receive security after he leaves power, but I do not believe he can enjoy it the same way as when he was president. I do not believe he can enjoy it the same way as when he was president. [repeats himself] Understand? I do not believe he can have it the same way as when he was president. It would then be the creation of two.... [pauses] it would be a collision of powers, between two powers.

"/Let us imagine that you would see Aristide on the streets the same way he used to be, going about in Cite Soleil the same way.... [pauses] Preval would never start [word indistinct] as president. It would be as if there is a real president and a novice one./"

[Jean] What must also be understood is that this law will be in effect only after its approval by the two chambers, perhaps before 7 February.

Haitian Policemen on Strike for Better Treatment

PA0202222696 Port-au-Prince Signal FM Radio in French 1130 GMT 31 Jan 96

[From the "Waking Up Newscast"]

[FBIS Translated Text] The former interim policemen based at the Anti-Gang Service have been on strike for five days. They persist in demanding better treatment so they can do their job better.

These former military integrated into the National Police say they are deprived of everything: No working material, no fees, and the worst is that they earn a salary lower than that of the other national policemen. So, they are rejects, some of them pointed out.

They say they are not willing to renew work until their demands are met. One of the demands of the strikers is the coming of the interim general director of the national police to the Anti-Gang Service so he can talk with them in order to be aware of their demands.

Some of them ... [pauses] Some of these protestors have denounced the maneuvers of many officials concerned over this issue aimed at wrecking their movement.

Fuel Tanker Arrives in Haiti To Restock Local Market

PA0302013996 Port-au-Prince Signal FM Radio in French 1130 GMT 31 Jan 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] The long waiting lines at the various gas stations are over. A fuel tanker with 72,000 barrels of the product on board arrived in Port-au-Prince on 30 January to restock the local market. This fuel shortage caused headaches for many drivers in both the capital and the province and caused long lines of vehicles in front of several gas stations in the capital this week.

Commerce and Industry Minister Roger Perodin has blamed the petroleum products company WINECO S.A. for this artificial fuel shortage even though it was the winner of the ministry's bid.

It should be noted that this crisis has caused the return of fuel peddlers throughout the streets of Port-au-Prince. Some users have acknowledged that these peddlers in most cases adulterate these products, sometimes causing problems in the engines of the vehicles that utilize these products.

The tanker arrived in Port-au-Prince yesterday, and the distribution of this fuel will take place today, according to [word indistinct] sources.

Trinidad and Tobago

New Attorney General Appointed for Trinidad, Tobago

PA0402152296 Madrid EFE in Spanish 1949 GMT 3 Feb 96

[FBIS Translated Text] Port-of-Spain, 3 Feb (EFE) — Ramesh Lawrence Maharaj was appointed Attorney General of Trinidad and Tobago. Maharaj is 50 years old and a lawyer by profession.

Maharaj will replace Kamla Persad Bissessar, who was appointed Minister for Legal Affairs.

Both officials were sworn in respectively, after a session of the House of Representatives on Thursday.

The change is the most important in the three months, Prime Minister Basdeo Panday has been in power.

Bissessar told EFE she will work closely with Maharaj, who announced the promotion of reforms to the legal system and a new plan to fight crime.

Maharaj has received death threats and is under police protection.

He noted his plans to fight crime will be announced during a news conference on 7 February.

Mexico's Zedillo Arrives in Italy, Vatican City

PA0502200896 Mexico City XEW Television Network in Spanish 0400 GMT 3 Feb 96

[From the "24 Hours" newscast; passages within quotation marks are recorded]

[FBIS Translated Excerpt] [Passage omitted] President Ernesto Zedillo's first event in Rome was a visit to the Mexican Embassy. He recognized that Mexico and Italy need to strengthen their relations and said there is confidence in Mexico's future.

[Zedillo] "Our huge effort, not only throughout 1995 but over many years, is providing us a solid base for our economic recovery."

On Wednesday, Zedillo and his wife attended a reception offered by Italian Senate President Carlo Luigi Scognamiglio. During the reception, Zedillo stressed the fact that this is the first time a Mexican president has traveled on a visit in the company of the leaders of the three political parties represented in the Senate of the Republic: Fernando Ortiz Arana from the PRI [Institutional Revolutionary Party], Gabriel Jimenez Remos from the PAN [National Action Party], and Hector Sanchez from the PRD [Party of the Democratic Revolution]. Zedillo underscored that Italy currently heads the European Union [EU] and insisted that Mexico is determined to reach a mutual free trade agreement with the EU.

[Zedillo] "We consider it will benefit Mexico and the countries comprising the EU if we meet as soon as possible and hold a one-phase negotiation that will allow us to set the rules for the ambitious and progressive liberalization of our reciprocal trade systems."

On Thursday, 1 February, Zedillo arrived in the Vatican for an official visit. It became the first official visit to the Holy See by a Mexican president after diplomatic relations were established. At 1107, Pope John Paul II greeted Zedillo at the (Tronesto Room). The two personalities then walked over to the library of His Holiness and met in private for 30 minutes. At the conclusion of the meeting, Zedillo introduced the Pope to his wife, Nilda Patricia Velasco de Zedillo, and his delegation. The Pope said he follows the events surrounding Mexico's political and social life with vivid interest. He underscored the progress made in the Mexican electoral law, the agreements between social groups for democracy, and acknowledged the efforts made by the Mexican leaders to promote economic development. He said the measures of the government should consider the most weak and destitute so they will not bear the brunt of the adjustments.

[Pope John Paul II, in Spanish] "I follow with vivid interest the events surrounding the Mexican political and social life, of which we must acknowledge and underscore a number of recent significant changes. The most notable include the electoral law amendments, the agreements between political groups on social matters to create a political system that is more democratic and participative. In the road undertaken, you will face many challenges in order to achieve a climate of peaceful and harmonious coexistence among the people and the trust of the citizenry in the various institutions and public entities. In that respect, the solution to conflicting situations should be sought through talks, the respect for the idiosyncrasy of the ethnic minorities which will allow them to live in a climate of peace and real prosperity, protecting them from all types of violence and external meddling."

President Zedillo pointed out:

[Zedillo] "All of the Mexicans recall, with gratitude and affection, your pastoral visits to our country, inspired by a profound spirit of peace and always conveying a message of harmony and hope. I know that nothing will honor and please Mexicans more than welcoming you in our country again. Mexico sees in your relentless love for peace the distinctive vocation of your pontificate and a concern that identifies and draws us closer. We know that the strongest peace message is the one preached, as you have, by setting an example. We are moved and motivated by your clear and precise knowledge of Mexico's problems. Your words of encouragement identify and draw us closer to the mission of change we must undertake to fulfill our responsibility of launching a full development."

President Zedillo and Pope John Paul II exchanged gifts. The president presented the Pope with a landscape by Michoacan's painter Alfredo Salce. The Pope presented the president with a bas-relief work made of bronze, depicting St. Peter and St. Paul.

On Thursday, President Zedillo also talked to the directors, editors, and collaborators of the leading Italian media. He attended a lunch reception offered in his honor by President Oscar Luigi Scalfaro, who voiced his support for a free trade agreement with the EU. President Scalfaro stated his confidence in Mexico's economic recovery. Later, Zedillo met with (Gianni Anielli), president of Fiat Group, and witnessed a cooperation agreement between the National Culture and Arts Council and Fiat Group's Cultural Foundation to present at Venice's (Palazzo Grazzi) a grand exhibit of the Mayan civilization in Fall 1998. This exhibit might attract as many as 1 million visitors. Later on, the president, accompanied by his wife and entourage, laid a wreath before Rome's Altar to the Motherland in honor of Italian hero (Vittorio Emmanuelli).

At a dinner offered by Italian businessmen and bankers, President Zedillo conveyed a message of trust in the future of the Mexican economy, and stated his conviction that Mexico will register an economic growth.

[Zedillo] "I am convinced that in the coming years, thanks to the willingess of Mexicans to dialogue, we would achieve, even more evidently, the political stability that has characterized Mexico for many decades."

The Italian press stressed the prospects of economic growth within a framework of stability being predicted for Mexico. One of the headlines in Rome's newspaper IL MESSAGGERO read: Good-bye Crisis, Mexico Is No Longer Afraid. L' OSSERVATORE ROMANO, Vatican City's official newspaper, emphasized the president's visit to the Pope. Thus, President Zedillo concluded his visit to Italy and Vatican City.

Mexico's Coparmex President: No Emergency Wage Hikes

PA0602010696 Mexico City XEW Television Network in Spanish 0400 GMT 2 Feb 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Discussions on price hikes or decreases abounded at the meeting that the Mexican economic alliance held on 1 February.

[Unidentified reporter] As Coparmex [Employers Confederation of the Mexican Republic] President Carlos Abascal was interviewed at the closing of the meeting the Alliance for Economic Recovery [ARE] held, he ruled out an emergency increase in workers' wages, because it would trigger more inflation at this time.

[Begin Abascal recording] We have to be careful not to make inflation prevail with emergency increases, because even though these increases are real, they, in turn, trigger new inflation, which is the worst hidden tax on people. [end recording]

[Reporter] According to the Coparmex president, businessmen are aware of the need to recover wages' purchasing power. He affirmed that if the unions accept agreements of productivity, workers could be economically motivated through this means.

Labor Secretary Javier Bonilla presided over the ARE meeting.

Mexican Farmers Situation, Free Trade Agreement Impact

PA0502141496 Mexico City LA JORNADA in Spanish 1 Feb 96 p 4

[From the "Political Class" column by Miguel Angel Rivera]

[FBIS Translated Text] The peasants of Mexico face the most critical and acute economic crisis in 50 years: 10.5 million live in extreme poverty; 5.5 million farmers over 15 years of age cannot read or write; 1.7 million peasant children do not attend school; nine million do not receive basic health services; 66 percent of the Mexican children who suffer malnutrition are peasants; there is a shortage of 2.7 million houses in the rural sector; three million heads of peasant households earn no more than two minimum salaries; and eight million Indians represent the most underprivileged and impoverished population. The average productivity is less within the poorest population in the countryside.

This is the situation outlined by Agriculture, Livestock, and Rural Development Secretary Francisco Labastida Ochoa yesterday in his meeting with the Senate's Agriculture and Cattle, Agrarian Development, and Agrarian Marketing Commissions.

The federal official presented the programs to support agrarian producers; and he particularly defended the Alliance for the Countryside, when answering PRI [Institutional Revolutionary Party], PAN [National Action Party], and PRD [Party of the Democratic Revolution] senators — who discussed practically all the aspects of peasant life. Nevertheless, at the end there was an impression that, given the facts that prove the Mexican countryside's poverty, the government only has undeveloped plans.

One of the few positive aspects was the information about an increase in credits from Banrural [National Rural Credit Bank], whose director, Oscar Terroba Garza, spoke in support of the agriculture secretary and said credits granted by that agency in 1988 totaled 3.9 billion pesos, which increased to 5.3 billion pesos in 1995, and its 1996 budget was increased to 6.3 billion pesos.

Despite these encouraging figures, Banrural reduced its support from 7.5 million hectares to barely 1.5 million. Out of the 6 million hectares that are no longer covered by Banrural, half are attended by other government programs that previously comprised the National Solidarity Program.

In a reply to PRD's Guillermo del Rio Ortegon, the agriculture secretary denied the agency gives priority to cattlemen; and he justified the official support given to cattlemen with figures that again confirmed the critical situation in the Mexican agricultural sector.

The reasons to help the cattlemen "are obvious," the agriculture secretary said after reporting the nation's powdered milk imports in 1994 and 1995 represented 40 percent of all the product marketed at world level. Likewise, 600,000 tons of beef and almost 80 percent of the lambs consumed in the country were purchased abroad. In sum: The materials for a typical Mexican barbecue come from abroad.

Of Sovereignty and Tomatoes

The figures about poverty in the countryside were presented by PRI Senator Emma Mondragon Navarrete, who said many of the official actions for the agrarian sector, as well as the current economic policy, have created distortions rather than helped. She mentioned that the signing of the Free Trade Agreement [FTA] represented a high social and economic cost for the agrarian sector. "They want to block the few products that yield us a profit — for example the case of the tomato," he commented.

The United States' attempts to block Mexican tomato and avocado exports prompted a statement by Hidalgo Senator Jose Guadarrama Marquez, chairman of the Agrarian Marketing Commission. The legislator recalled that the Congress of the Union has demanded respect for the FTA and supported Mexican products, so he demanded to the agriculture secretary that the federal government exhaust all the treaty's options.

Guadarrama added: The establishment of a precedent that might affect other Mexican export products can be prevented with adequate measures.

The "bad neighbor" actions carried out by some U.S. sectors were also discussed at the Permanent Commission, where the four parties represented there (PRI, PAN, PRD, and PT [Labor Party]) temporarily forgot their differences to comprise a common front before certain U.S. legislators' attempts to intervene in affairs that are the exclusive competence of the Mexican people.

The four parliamentary factions signed a political declaration in which they reject the attempts by U.S. Senators Alphonse D'Amato and Dianne Feinstein to disqualify Mexico for an alleged lack of actions against drug trafficking.

"These statements, hastily issued and eminently for electoral reasons, do not correspond to the respectful relations that should exist between two nations." A political declaration read by Humberto Roque Villanueva, chairman of that Legislative Branch agency, states that the legislators consider "unacceptable the attempt to use Mexico as a pretext in an internal electoral struggle, in which the U.S. people, freely exercising their rights, will choose their government. Mexico respects that internal process and, in turn, demands reciprocity and respect for our internal affairs."

Roundup of Mexican Economic Developments Through 5 Feb

PA0602001296

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 5 February.

Finance Secretariat official Santiago Levy announced that to launch the economic recovery, the federal government will allocate 44 percent of the programmed public spending for 1996, that is, 169.84 million pesos, during the first half of this year. He said that an austerity policy will determine the allocation of public spending. Pointing out that total programmed expenditures for this year amount to 386 billion pesos, Levy indicated that this figure represents a budget decline of 1 percent compared to 1995. Levy added that the government will allocate larger investments in four fundamental sectors, namely, water, Mexican Petroleum (Pemex) electricity, and roads. With regard to social spending, Levy explained that "more than 15 million Mexicans live in extreme poverty; consequently, social spending will represent more than half of the programmed spending, that is, 53 percent. This is the highest amount allocated to social spending in the past eight years." (Mexico City XEW Television Network in Spanish 0400 GMT 26 Jan 96)

An analysis by the National Chamber of Electrical Manufacturers, Caname, indicated that in the wake of the country's economic crisis, more than 100 companies of the electrical manufacturing sector vanished, while sales dropped 20 percent and approximately 20,000 jobs were lost. As a result of the crisis, the Caname only has 300 companies, the level of hired personnel dropped 20 percent, and total sales also dropped. The deficit of the electrical trade balance increased from $421 million in 1990 to $3.121 billion in 1994. The estimated deficit for 1995 amounted to $900 million. (Mexico City EL FINANCIERO in Spanish 29 Jan 96 p 25)

The country's economic crisis and the peso's plunge against the dollar countered the progress made over the past 11 years in the domestic and international cargo transportation of National Railways of Mexico, FNM, and smashed growth prospects by registering a 16.5-percent decline in 1995 with losses of more than

450 million pesos compared to 1994. In 1995, a 5.4-percent increase in the traffic of cargo was predicted. However, only 43.4 million net tons were transported that year, whereas 52 million tons were transported in 1994. (Mexico City EL FINANCIERO in Spanish 29 Jan 96 p 18)

The flow of $900 million into the country via the stock market enabled a revaluation of 5.7 percent in the peso's parity against the dollar and an accumulated drop of nine percentage points in the reference rate of Treasury Certificates, Cetes, in January. Financial analysts of TENDENCIAS and the Ixe Financial Group indicated that the stability observed in the exchange rate, the money market, and the decline in interest rates was not prompted by the Bank of Mexico, Banxico, but it was the result of a larger supply of dollars from foreign investors. According to reports, thus far this year, this flow of foreign exchange has amounted to approximately $900 million, of which $600 million came from the purchase of government bonds, primarily Cetes. (Mexico City LA JORNADA in Spanish 29 Jan 96 p 50)

According to a 29 January, Mexico City-datelined item, the Probursa Financial Group, owned by the Bilbao Vizcaya Bank, announced today an overall growth plan for the coming three years once the institution has overcome the crisis thanks to an injection of 2.828 billion pesos (approximately $377 million). In 1995, the financial group registered losses of 1.104 billion pesos (approximately $147 million), although the January-July trend — with a deficit of 1.318 billion pesos (approximately $176 million), was reverted in the August-December period, when earnings of 213 million pesos ($28 million) were realized. According to Spanish national Miguel Navas, adviser-director general of Probursa, the positive results registered from August to December 1995 were based on the restructuring and recovery of the credit portfolio, the rationalization of spending, and the stable growth of the balance, all of which are principles that will be implemented for the new growth plan. Regarding Probursa's overdue portfolio, it currently amounts to 4.891 billion pesos ($652 million), and it is expected to be reduced by approximately 30 percent. With the so-called 1,000-day Plan, the institution expects to increase its capacity to attract deposits by 56 percent; a general growth ranging between 4 and 6 percent; and an increase in assets greater than 15 percent. (Madrid EFE in Spanish 2001 GMT 29 Feb 96)

A 29 January, Mexico City-datelined report indicates that in 1995, the Banamex-Accival Financial Group, Banacci, the leading financial group of the Mexican banking system, registered accumulated profits for 2.783 billion pesos (approximately $409 million). By the end of 1995, Banacci's countable capital amounted to 18.36 million pesos ($2.7 billion). In this period, the National Bank of Mexico, Banamex, Banacci's leading subsidiary, reported profits for 651 million pesos ($86.8 million), approximately 23 percent more than profits reported in the July-August-September period. (Madrid EFE in Spanish 2325 GMT 29 Jan 96)

According to a 29 January, Mexico City-datelined report, Pemex disclosed today that Mexico produced an average of 2.618 million barrels of crude a day in 1995. Of the total daily production, 1.453 million barrels of light and intermediate crude were produced and 1.166 million barrels of heavy crude, Pemex stressed in a press communique. In 1995, Pemex exported an average of 1.2941 million barrels a day to the United States, Europe, and the Far East. (Madrid EFE in Spanish 0256 GMT 30 Jan 96)

In an interview for Radio Red Network, Raul Tornel, president of the Ecology Comission of the Confederation of Industrial Associations, Concamin, said that during the past four years 750 industries have moved from the Valley of Mexico to other parts of the country. He clarified, however, that the reasons for their relocation have not been related to environmental protection measures, but to more favorable economic conditions, such as better land or more access to roads. (Mexico City Radio Red Network in Spanish 0000 GMT 30 Jan 96)

According to a Mexico City 30 January-datelined item so far in 1996 the stock market index has increased by 11.14 percent, a 309-point increase over the 1995 close. The report added that stock market sources reported the main indicator went from 2,778.47 units to 3,087.99 yesterday. It was also noted that the market grew by 16.9 percent in 1995 and has climbed 11 percent in only one month this year. (Mexico City NOTIMEX in Spanish 0744 GMT 30 Jan 96)

According to a Mexico City 30 January-datelined item, the secretariat of finance reported mexico successfully placed $1 billion bond issue in international markets. The bonds were issued at a five-year term and 9.75-percent interest rate. This was the first debt transaction stated in U.S. dollars since February 1994. (Mexico City NOTIMEX in Spanish 1949 GMT 30 Jan 96)

Based on figures obtained from the Bank of Mexico, Banxico, and credit institutions, the private sector received credits for 92.395 billion pesos from commercial banks between January and December 1995, a drop of 59.7 percent compared to the amount received in 1994. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 30 Jan 96 p 3A)

Arturo Galan, representative of the National Finance Bank, Nafin, in Europe, has reported that the demand for bank deposit certificates from foreign investors in January has increased five times compared to the last two months of 1995. (Mexico City EL FINANCIERO in Spanish 30 Jan 96 p 11)

The Inbursa financial group registered earning of 3.233 billion pesos in 1995. This represents a 218 percent growth compared to the 1.018 billion pesos registered in 1994. Inbursa ended in first place in net profit, and fourth place in capital among all financial institutions in the country. (Mexico City EL FINANCIERO in Spanish 30 Jan 96 p 6)

A Mexico City-datelined item reports on 30 January that the Mexican steel industry in 1995 exported five million tons of steel and obtained $2.110 billion in revenues. According to the Iron and Steel National Chamber of Commerce, sales to foreign markets rose by 155 percent compared with those in 1994, allowing companies to assimilate the impact of the peso devaluation. It reported industry receipts allowed companies to maintain planned investment. The Chamber concluded the steel industry contributed 6.7 percent of the manufacturing Gross Domestic Product (GDP) and 1.5 percent of the country's GDP. (Mexico City NOTIMEX in Spanish 0147 GMT 31 Jan 96)

According to a 31 January report datelined Mexico City, the Bank of Mexico (Banxico) has reported that as of 26 January the country's international net reserves totaled $16.002 billion. This represented a $261-million increase with respect to 29 December 1995. Banxico on 30 January reported that its international net assets declined by $18 million, totaling $1.126 billion. Banxico added that as of 26 January the monetary base — namely the bills and coins in circulation in Mexico — reached 57.630 billion pesos. The Bank concluded that for the week of 19 January, the federal government current account increased by 10.324 billion pesos as a result of tax revenues. (Mexico City NOTIMEX in Spanish 0810 GMT 31 Jan 96)

A Monterrey-datelined item on 31 January reports that the manufacturing industry is expected to grow by 3 percent in 1996. The Center for Integrated Systems of Monterrey Technological University said Mexican industries in 1995 imported $5 billion worth of capital goods. A spokesman for the Center stated that the manufacturing sector contributes 30 percent of the GDP. Meanwhile, the manager of E.J. Krause consulting form concluded exports of manufactured goods accounted for 80 percent of exports in 1995, while they totaled 24 percent of exports in 1988. (Mexico City NOTIMEX in Spanish 2153 GMT 31 Jan 96)

The secretary general of the Sugar Workers Union has reported that 10,000 workers will be dismissed as part of the reorganization of 64 sugar mills in the country. The dismissal will be implemented in two stages: 5,000 workers will be dismissed immediately and 5,000 at a later time. Between 1992 and 1993 5,000 sugar workers were reportedly dismissed. The union leader concluded sugar mill owners paid 100 million pesos of a 220-million peso back debt to sugar workers. (Mexico City LA JORNADA in Spanish 31 Jan 96 p 21)

The Mexican Government on 30 January placed a $1 billion bond issue in international markets. These bonds will be redeemable in five years and will pay a fixed 9.75 percent interest rate, namely nearly 5 percent more than U.S. Treasury Bonds. The Secretariat of Finance and Public Credit stated these resources will be earmarked for refinancing federal government short-term liabilities. This will allow the government to improve the schedule of expiration of the Mexican foreign public debt, the Secretariat concluded. (Mexico City XEW Television Network in Spanish 0430 GMT 31 Jan 96)

The national corn production reportedly fell by 14.5 percent in 1995 as a result of the financial crisis and the commercial opening in the framework of the NAFTA. It has been estimated last year corn purchases abroad reached $339 million. Corn imports reportedly accounted for 14 percent of total agricultural product imports. A study by EL FINANCIERO Economic Analysis Group revealed corn production declined to the levels existing three years ago; corn production was below 16 million tons. According to official estimates, in 1993 and 1994 more than 18 million annual tons of corn were obtained. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 31 Jan 96 p 20A)

The Mexican Association of Bankers (ABM) has said there will not be an extension in the judicial truce term established by the Agreement for Immediate Support to Bank Debtors (ADE) after 31 January. The ABM explained after this date banks will take legal actions in cases of debtors who have refused to restructure their obligations. A truce until 30 April will only be granted to those debtors who have signed a letter of intent but have been unable to restructure their obligations as of January. The ABM concluded 280,000 loans were restructured between 11 September 1995 and 15 January 1996, representing 41 percent of the letters of intent that had been signed by debtors under ADE. (Mexico City EL FINANCIERO in Spanish 31 Jan 96 p 3)

The leader of the Construction Industry Workers Union has reported 1.5 million jobs were lost in this industry as a result of the crisis and not 150,000 jobs, as reported by National Institute of Statistics, Geography, and Information Science (INEGI). He explained the INEGI only accounts for workers hired under the Mexican Social Security Institute, without considering the fact most construction workers are hired temporarily. The union leader noted that in 1995 4,000 of the 16,000 construction firms registered before the National Chamber of the Construction Chamber closed down. He concluded the reactivation of this sector will depend on the government increasing its spending in works of infrastructure. (Mexico City EL FINANCIERO in Spanish 31 Jan 96 p 3)

The secretary of finance and public credit has termed successful the first offering of $1 billion worth of Mexican bonds in international markets. The secretary explained in London the Mexican bond offering closed with a 4.45 percent interest rate higher than U.S. Treasury bonds. He noted that with this sale of bonds and the payment of $1.3 billion to the U.S. Treasury Department Mexicans "can now sleep" because other obligations for 1996 are for smaller amounts. He concluded the next step is to continue to be active in international markets in order to seek better terms and debt condition profile in the coming months. (Mexico City EL FINANCIERO in Spanish 31 Jan 96 p 5)

According to a Mexico City, 31 January-datelined item the Central Bank of Mexico (Banxico) positive sale of Mexican bonds will guarantee the private and public sectors more access to foreign capital. Banxico officials believe the financial incertitude in the country has ended. (Mexico City NOTIMEX in Spanish 0132 GMT 1 Feb 96)

According to a Mexico City, 31 January-datelined item grape growers in the coast of Hermosillo, Sonora reported revenues for $96 million in exports to the United States and Europe in 1995. Grape production in the area increased by 100 percent in 1995. (Mexico City NOTIMEX in Spanish 0147 GMT 1 Feb 96)

According to a Mexico City, 31 January-datelined item the mining and metal production increased by 10.5 percent in 1995 upon investments of $628 million in the sector throughout the country. The exports registered revenues for $2 billion. (Mexico City NOTIMEX in Spanish 0151 GMT 1 Feb 96)

The National Fund of Corporations in Solidarity (Fondo Nacional de Empresas en Solidaridad) (Fonaes) will allocate more than 400 million pesos to support capitalization of the micro, small and medium-sized businesses in the country. Fonaes assigned approximately 350 million pesos to aid 3,500 national businesses in 1995. (Mexico City LA JORNADA in Spanish 1 Feb 96 p 22)

The all-purpose banks allocated 8.387 billion pesos in financial support to the Savings Protection Banking Fund (Fobaproa), while the Bank of Mexico (Banxico) through Fobaproa granted credit to banks for 37.975 billion pesos, four and a half times more than what the banks allocated. (Mexico City EL FINANCIERO in Spanish 1 Feb 96 p 8)

The Tribasa Group announced the restructuring of part of its debt of 4.007 billion pesos. In December, a total of 400 million pesos were renegotiated and will be payable in the year 2000. (Mexico City EL FINANCIERO in Spanish 1 Feb 96 p 17)

Mexican Petroleum Inc. announced an adjustment in the prices of the different types of petroleum exported to countries in the American Continent, Europe, and the Far East. The increases will vary between 10 and 30 cents and will be in force immediately. The adjustments aim at maintaining the competitiveness of the product in the international market. (Mexico City EL FINANCIERO in Spanish 1 Feb 96 p 25)

From 26 to 31 January, Mexico's international reserves decreased by $416 million down to $15.484 billion. (Mexico City XEW Television Network in Spanish 0400 GMT 3 Feb 96)

According to a Mexico City, 1 February datelined report, the price of the basic market basket increased an average of 5.2 percent: from 1,078.70 pesos in early January to 1,134.28 pesos in February. (Mexico City NOTIMEX in Spanish 0112 GMT 2 Feb 96)

According to a Mexico City, 1 February-datelined report, in 1995 Mexican Petroleum-Refining produced an average of 1.6002 million daily barrels of oil products, including 492,000 daily barrels of gasoline, 254,800 daily barrels of diesel, 256,900 daily barrels of liquid gas, and 77,000 daily barrels of kerosene. (Mexico City NOTIMEX in Spanish 0241 GMT 2 Feb 96)

According to a Mexico City, 1 February-datelined report, the National Chamber of the Sugar and Alcohol Industries (Camara Nacional de las Industrias Azucarera y Alcoholera) announced that sugar production was lagging by 19.6 percent. Estimated production is 4,441,641 tons for the 1995-1996 harvest. (Mexico City NOTIMEX in Spanish 0304 GMT 2 Feb 96)

Prices for gas for domestic use increased from 35.71 to 57 pesos as of 1 February. Meanwhile, prices for gasoline and other fuels increased by 1.3 percent, and electricity rates increased by 1.2 percent. Wholesale prices for eggs increased by 15 percent. Beginning on 16 February, sugar prices will be deregulated and will increase between 5 and 7 percent. Sugar prices are expected to increase by 20 percent this year. (Mexico City REFORMA in Spanish 2 Feb 96)

According to a Mexico City, 3 February-datelined report, the National Institute of Statistics, Geography, and Information Science (INEGI) reported that the aggregate value of the export maquila (assembly plant) industry had an accumulated annual increase of 10.5 percent during the first 11 months in 1995. According to INEGI, other manufacturing industries increased by 11 percent, clothing manufacturing rose by 10 percent, and manufacture of furniture and wood and metal products increased by 6.5 percent. (Mexico City NOTIMEX in Spanish 0810 GMT 3 Feb 96)

Mexico: Federal District Officials' Ratings Drop

96CA0107A Mexico City REFORMA in Spanish 22 Dec 95 pp 1A, 1B, 5B

[Article by Rafael Gimenez: "The Demand: Safer Streets"]

[FBIS Translated Text] One year into their term the main authorities in the Federal District are being judged harshly by the residents of the metropolis.

For the second time this year REFORMA conducted a series of polls in the 16 administrative divisions [delegaciones] that make up the city.

The purpose of the survey was to ascertain trends involving the chief problems that concern people, the extent of these problems, the way in which they are being addressed, and the relationship between citizens and the authorities.

As is the case throughout the country, the bad economic situation has affected the citizenry's opinion of the authorities. Residents of the capital have additional reasons to feel annoyed, however, given the current state of public safety there.

The citywide numbers show that 55 percent of the respondents think that public safety is poor or very poor.

The greatest concern about public safety is to be found in Iztapalapa, Miguel Hidalgo, and Cuauhtemoc. In fact, administrative divisions that have traditionally had fewer public safety problems, such as Milpa Alta, Tlahuac, and Xochimilco, show negative views in this poll.

To two-thirds of the city's residents, robberies are a "very serious" problem where they live; Cuauhtemoc, Venustiano Carranza, and Miguel Hidalgo are negative standouts in this regard, with alarming figures of 70 percent or more who consider the problem "very serious."

The lack of police protection is seen as "very serious" by two-thirds of Mexico City residents; Cuauhtemoc and Iztapalapa are negative standouts here with 79 percent of the responses so indicating.

In the view of 44 percent of the respondents, the Mexico City police have a serious corruption problem. This impression is even stronger in the Cuauhtemoc administrative division.

The officials directly responsible for public safety received the worst marks from citizens.

On a scale from 1 to 10, Mayor Oscar Espinosa Villarreal, who got an average mark of 5.3 during his first six months, dropped to 4.7 during the second six-month period. The attorney general for the Federal District, Jose Antonio Gonzalez, fell from 5.4 to 4.6. The secretary of public safety, David Garay, fell from 4.7 to 4.1.

As time has gone by, the city's major pubic officials have not succeeded in improving their performance, in the judgment of the citizenry.

The representative [delegado] who got the best marks was Alejandro Ordorica, from Tlahuac, while the worst marks went to the representatives from Alvaro Obregon and Gustavo A. Madero, although all 16 still have poor name recognition.

The representatives from Benito Juarez, Iztacalco, and Xochimilco improved. The ones from Tlahuac and Tlalpan maintained their averages. And the ones from Alvaro Obregon, Azcapotzalco, Coyoacan, Cuajimalpa, Cuauhtemoc, Gustavo A. Madero, Iztapalapa, Magdalena Contreras, Miguel Hidalgo, Milpa Alta, and Venustiano Carranza did worse.

The residents of the capital are acceptably satisfied with electric-power, sewerage, transportation, and garbage-collection services. Water shortages are seen as a major problem in Iztapalapa.

Methodology: Interviews were conducted with 400 persons per administrative division over the age of 18, a total of 5,400 questionnaires. The polls used samples based on a socioeconomic stratification in accordance with special maps. The field work was done between 21 November and 10 December. The averages shown for the Federal District are the result of weighting the findings in accordance with the population of each administrative district.

Officials Evaluated

The following are the grades that the residents of Mexico City gave the president, the mayor, the attorney general for the Federal District [DF], the head of the Public Safety Secretariat (SSP), and the representatives.

President, Others Evaluated

Official	Jan-June	July-Dec
President Ernesto Zedillo Ponce de Leon	—	5.1
Mayor Oscar Espinosa Villarreal	5.2	4.6
DF Attorney General Jose Antonio Gonzalez Fernandez	5.4	4.6
SSP Chief David Garay	4.7	4.1
Representatives	5.6	5.3

Weighted Averages

Weighted average marks given to the performance in office of:

Approval Ratings

Official	Approve	Disapprove	Not Sure/No Answer
President Zedillo	36	53	11
Mayor Espinosa	26	51	23
DF Attorney General Gonzalez	23	44	33
SSP Chief Garay	19	52	29

Second Half of the Year

These are the marks that Mexico City residents gave each of the 16 representatives for the second half of 1995, according to a poll conducted by the REFORMA Research Department from 21 November to 10 December. Some 5,400 in-home interviews were conducted in each administrative division. The grade for the first half of the year is also indicated.

Individual Representatives Graded

Division	Name	Jan/June	Jul/Dec
Tlahuac	Alejandro Ordorica S.	6.5	6.5
Milpa Alta	Jose Merino Castrejon	6.9	6.4
Xochimilco	Alfredo de la Rosa C.	5.8	6.4
Benito Juarez	Esperanza Gomez Mont	6.1	6.2
Miguel Hidalgo	Oscar Elizundia Trevino	5.6	5.4
Coyoacan	Tomas Vazquez Vigil	6.0	5.3
Venustiano Carranza	Raul Torres Barron	5.7	5.3
Iztapalapa	Jaime Aguilar Alvarez	5.5	5.3
Tlalpan	Alfonso del Rio Pintado	5.9	5.9
Magdalena Contreras	Eugenio Hinojosa Cuellar	5.9	5.6
Cuajimalpa	Maria Elena Martinez C.	6.4	5.6
Iztacalco	Juan Carlos Espinosa T.	5.4	5.6
Cuauhtemoc	Jesus Davila Narro	5.5	5.1
Azcapotzalco	Vicente Gutierrez C.	5.2	5.1
Gustavo A. Madero	Jose Parcero Lopez	5.6	5.0
Alvaro Obregon	Manuel Diaz Infante	5.1	5.0

Residents Speak Out

Responses about the main concerns of Mexico City residents regarding public utilities and public safety, according to a poll by the REFORMA Research Department from 21 November to 10 December in each administrative division [the results of REFORMA's first poll, for the January-June period, are provided here by the paper for comparison].

I.A. Public Utilities (first half of year)

Key to administrative divisions: 1. A. Obregon, 2. Azcapotzalco, 3. Benito Juarez, 4. Coyoacan, 5. Cuajimalpa, 6. Cuauhtemoc, 7. Gustavo A. Madero, 8. Iztacalco, 9. Iztapalapa, 10. M. Contreras, 11. Miguel Hidalgo, 12. Milpa Alta, 13. Tlahuac, 14. Tlalpan, 15. V. Carranza, 16. Xochimilco

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Percentage of people who think water service is...																
Good	60	55	72	60	49	67	55	43	20	60	69	53	39	52	57	50
Poor	14	16	7	16	19	13	10	20	42	13	6	8	24	19	11	13
Percentage of people who think sewage service is...																
Good	65	50	71	64	58	56	61	48	50	69	62	60	48	38	57	49
Poor	13	24	9	17	12	22	14	23	16	11	15	19	15	44	15	19
Percentage of people who think power service is...																
Good	64	62	75	71	64	67	67	60	58	52	66	56	68	62	67	49
Poor	11	13	5	11	12	9	10	17	11	18	9	19	9	9	8	19
Percentage of people who think garbage collection service is...																
Good	59	53	71	55	44	55	52	49	50	46	63	60	64	57	54	58
Poor	19	24	13	20	23	22	16	25	23	22	16	15	11	11	18	12

I.B. Public Safety (first half of year)

Key to administrative divisions: 1. A. Obregon, 2. Azcapotzalco, 3. Benito Juarez, 4. Coyoacan, 5. Cuajimalpa, 6. Cuauhtemoc, 7. Gustavo A. Madero, 8. Iztacalco, 9. Iztapalapa, 10. M. Contreras, 11. Miguel Hidalgo, 12. Milpa Alta, 13. Tlahuac, 14. Tlalpan, 15. V. Carranza, 16. Xochimilco

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Percentage of people who describe security as...																
Good	26	19	38	24	20	16	22	35	21	28	13	23	33	21	18	18
Poor	51	58	32	44	43	52	48	31	49	46	64	42	42	56	59	43
Percentage of people who describe robberies as...																
Very serious	59	71	62	52	35	75	64	72	61	47	74	36	41	52	67	45
Not serious	8	3	7	11	21	4	6	3	6	12	4	16	13	6	3	11
Percentage of people who describe meager police protection as...																
Very serious	71	73	52	67	53	76	66	79	77	56	78	48	50	75	74	65
Not serious	4	7	12	8	18	6	10	5	4	6	6	10	7	5	6	9

II.A. Public Utilities (second half of year)

Key to administrative divisions: 1. A. Obregon, 2. Azcapotzalco, 3. Benito Juarez, 4. Coyoacan, 5. Cuajimalpa, 6. Cuauhtemoc, 7. Gustavo A. Madero, 8. Iztacalco, 9. Iztapalapa, 10. M. Contreras, 11. Miguel Hidalgo, 12. Milpa Alta, 13. Tlahuac, 14. Tlalpan, 15. V. Carranza, 16. Xochimilco

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Percentage of people who think water service is...																
Good	68	61	68	53	54	66	52	47	21	52	61	48	36	59	51	60
Poor	12	9	7	15	14	12	14	24	36	19	10	12	24	14	14	14
Percentage of people who think sewage service is...																
Good	78	59	75	63	65	57	59	59	50	73	60	65	60	55	61	58
Poor	7	13	9	12	11	17	18	12	17	11	11	8	16	9	13	16
Percentage of people who think power service is...																
Good	74	70	74	65	68	75	74	69	59	68	76	60	62	71	71	68
Poor	8	9	5	10	12	6	7	10	14	10	6	7	12	7	11	12
Percentage of people who think garbage collection service is...																
Good	62	66	73	54	44	54	63	61	49	59	49	55	54	65	58	61
Poor	16	14	6	14	22	22	14	15	19	20	16	11	21	9	20	14

II.B. Public Safety (second half of year)

Key to administrative divisions: 1. A. Obregon, 2. Azcapotzalco, 3. Benito Juarez, 4. Coyoacan, 5. Cuajimalpa, 6. Cuauhtemoc, 7. Gustavo A. Madero, 8. Iztacalco, 9. Iztapalapa, 10. M. Contreras, 11. Miguel Hidalgo, 12. Milpa Alta, 13. Tlahuac, 14. Tlalpan, 15. V. Carranza, 16. Xochimilco

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Percentage of people who describe security as...																
Good	21	16	25	18	15	18	19	33	6	28	13	19	22	20	15	22
Poor	50	56	48	47	53	60	55	37	64	53	67	44	51	51	59	57
Percentage of people who describe robberies as...																
Very serious	56	68	65	56	48	79	66	64	67	51	70	30	43	56	73	45
Not serious	10	6	3	8	9	2	4	2	5	8	4	10	13	6	3	10
Percentage of people who describe meager police protection as...																
Very serious	69	65	59	56	68	79	63	69	79	55	67	30	49	49	65	52
Not serious	9	10	7	7	2	2	7	1	3	12	8	16	14	12	7	13

El Salvador

Salvadoran Medical Brigades To Provide Free Care

PA0402011696 San Salvador LA PRENSA GRAFICA in Spanish 31 Jan 96

[Report by Margarita Cerna]

[FBIS Translated Text] Yayantique, La Union — A group of U.S. doctors who are working jointly with the Salvadoran Health Ministry and Military Detachment No. 3 initiated on 29 January a medical care program called Medical Brigades as part of operation "Fuertes Caminos."

This program will provide free medical consultations for low income people. It was inaugurated yesterday in the municipality of Yayantique in La Union Department, where this group will stay for three days.

Lieutenant Sergio McKenzie, a member of the U.S. Southern Command delegation, told LA PRENSA GRAFICA yesterday that dentists, family practitioners, pediatricians, veterinarians, and gynecologists from this military group will provide medical consultations.

McKenzie said this operation also includes pharmaceutical services that will provide free of charge all the medications these people might need.

Gladys Isabel de Cuevas, health director for La Union Department, has announced that after these services have been provided in Yayantique, this program will continue in this department in the villages of Los Jiotes, Canton Agua Caliente, and El Gavilan.

Cuevas has said the medical group involved in this military operation belongs to the "Fuertes Caminos" team that engages in activities pertaining to health and infrastructure.

In this regard, McKenzie said this group had previously engaged in this kind of work when this operation began in El Salvador last year.

21,000 Villagers

During the stay of this medical group in La Union Department as part of the Medical Brigades, it will provide services for 21,000 villagers from the four aforementioned villages.

In Yayantique, this medical work is being carried out jointly with a vaccination program for school children against measles, which the Health Ministry intends to eradicate from El Salvador.

At the inauguration of this medical campaign, some of the beneficiaries said this program was quite welcome, because this medical care will save them money. "These doctors are greatly helping us socially, and we should appreciate their free care," said Rosendo Chavez, a resident from this area who expressed his satisfaction.

El Salvador's ANEP Assails Central Bank's Monetary Plan

PA0402202696 San Salvador LA PRENSA GRAFICA in Spanish 25 Jan 96 p 13A

[FBIS Translated Text] Juan Hector Vidal, executive director of the National Association of Private Enterprise (ANEP), has stated that the monetary plan established by the Central Reserve Bank (BCR) is a restrictive plan because it blocks credits to the production sector and precludes achieving the desired growth levels. Inflation should be countered with offer policies that encourage production without affecting growth, he added.

The BCR monetary policy for 1996 establishes a 5-percent growth, 1-percent less than last year, which closed with a 6-percent growth; inflation is expected to fluctuate between 6 and 7 percent; and credits will increase 18.5 percent.

According to Vidal, a deliberate action by the BCR is clearly perceived, because it is trying to curb inflation by restricting credits to the production sector — thereby restricting growth in the name of stabilization.

Industrialists complained last year that the restrictive measures exercised on banks by the BCR curbed the flow of deposits and made credit more scarce. According to them, this provoked an economic slump during the third quarter of 1995.

The ANEP leader said classic instruments are being used in the country to curb inflation, including a minimum legal reserve in the bank and credit restrictions, when offer policies could be instead to encourage the offer of assets and services.

He stated his hope that mechanisms will be unleashed so internal production may increase. "They must establish policies by sector to favor industry, agriculture, and tourism because you cannot continue to activate the economy with the construction and services sectors."

He said credit lines must be opened for the manufacture and agriculture industry sectors, and for activities that generate an aggregate value. Referring to this, he said development banks are necessary to encourage production activities and allow access to credits at much lower interest rates.

It is illogical, he emphasized, to have large areas of idle land when they could be cultivated, encouraging producers to compete abroad. However, credits and technical assistance are needed.

Vidal said the problem is idea that social problems will be solved with a trade market opening, while the Soviet Union, the United States, and Asia have some protective measures for the agriculture sector.

He also said that the monetary plan's foundation includes an unproductive use of monetary remittances to families, which has allowed an increase in consumer demands, and imports surpass the exports.

"Remittances are being used to import goods rather than for the production sector, creating consumer habits that are not in harmony with the middle and long term production capability."

He concluded by stating that another factor which may result in a lower growth level is the failure to recover coffee prices, or if foreign investments are diverted to Mexico.

Guatemala

Guatemala's Arzu Makes No Statement on Alleged Attack

PA0502192996 Guatemala City Cadena de Emisoras Unidas in Spanish 1903 GMT 5 Feb 96

[FBIS Translated Text] Guatemalan President Alvaro Arzu has not issued any official statement regarding yesterday's alleged attack on his life.

Guatemalan Father of Man Killed in Arzu Incident: Son Was 'Victim'

PA0602012496 Guatemala City Televisiete Television in Spanish 1900 GMT 5 Feb 96

[From the "Channel Seven News"]

[FBIS Translated Text] The father of Pedro Haroldo Sas, who was killed in a confusing incident that was described by the government as an attempt on the life of President Alvaro Arzu in Antigua Guatemala, has said that it was an unfortunate accident in which the victim was his son. Pedro Sas, father of the dead man, said his son was a milkman and that even though he had been drinking for two days he had been on the job distributing milk in his hometown.

[Begin recording] [Sas] What bad luck! On Sundays, he would distribute milk, and he always returned at noon. He had a girlfriend, and he would go see her and then return. That is what happened. Now [30-second break in reception] the gentlemen were on horseback and my son did not know what was going on. He did not know who the people on horseback were.

[Unidentified reporter] What have they told you happened?

[Sas] I saw on television that my son was grabbed by the neck and he reacted badly. You know well that no one is going to let this happen and not try to defend himself. They say a captain shot him. It would have been better if he had been removed and taken to the authorities rather than being killed.

[Reporter] Are you going to file a lawsuit against the president for this?

[Sas] Without a motive, I cannot. I am (?at peace) with the president. We even voted for him and look at what happened to us now. My son had said: Let's vote for Arzu to see [words indistinct]. We did not know what would happen. So I think that rather than improving, we set bad examples and that is not right.

[Reporter] What do you expect from the authorities? Do you think the person who (?killed your son) is still under arrest?

[Sas] I do not think so [words indistinct]. They have support. I do not know from whom. We do not have support. If I'm not mistaken, if I keep talking [words indistinct] end my life so I will not speak.

[Reporter] So you don't think there will be justice?

[Sas] I do not think there can be justice in this case when it involves the president. [end recording]

Guatemalan Minister on Observance of Economic Accord

PA0202164996 Guatemala City SIGLO VEINTIUNO in Spanish 31 Jan 96 p 9

[Report by Myriam Larra]

[FBIS Translated Text] Foreign Minister Eduardo Stein has said the socio-economic and agrarian aspects of the document drawn during the previous negotiations between the government of Ramiro De Leon Carpio and the URNG [Guatemalan National Revolutionary Unity] pose serious difficulties to implement.

Therefore, the present administration of President Alvaro Arzu Irigoyen "will evaluate the need to shorten the terms and simplify the text of the accords, as the draft makes its compliance very difficult and supposes a serious problem to the adequate development of the process."

Stein stressed the need to retake negotiations at the exact point where they were interrupted" [quotation marks as published] in order to allow the participation of Guatemalans and not follow the practice of having everything set at the table of negotiations, as the transition government of De Leon Carpio used to do. He added that on 31 January, he will meet with Jean

Arnault, UN mediator for the peace negotiations to learn first hand about Arnault's interview with the URNG leaders in Mexico.

Honduras

Honduran Military Chief Asks Officers To Surrender

PA0302032996 Panama City ACAN in Spanish 1808 GMT 30 Jan 96

[FBIS Translated Text] Tegucigalpa, 30 Jan (ACAN-EFE) — General Mario Hung Pacheco, new chief of the Honduran Armed Forces, said today, Tuesday, that he will ask three fugitive officers charged with violating human rights to surrender to justice, but human rights organizations expressed their skepticism.

Hung Pacheco stated that "we will ask the officers who are at large, through their attorneys, to present themselves to testify."

Colonel Alexander Hernandez, Retired Major Manuel Trejo, and Retired Captain Billy Joya have been fugitives for more than three months, since 17 October when Judge Roy Medina ordered their arrest.

The Human Rights Attorney's Office under the Attorney General's Office accused these three officers, together with six other officers, of allegedly participating in the kidnapping and torture of six university students in 1982.

Human rights organizations believe that the Armed Forces know the whereabouts of the three fugitive officers but are protecting them.

Berta Oliva, coordinator of the Committee of Relatives of Missing Prisoners in Honduras (Cofadeh), expressed skepticism over the announcement of the military chief.

Oliva commented that "words are one thing" and reality is a different thing, adding that Hung Pacheco "must order them" to surrender, instead of "urging them," because he is their chief and they owe him obedience.

On the contrary, Judge Medina, who is handling the trials against the military officers, termed the call by Hung Pacheco "positive," because it reflects "an attitude of cooperation with the application of justice."

Prosecutor General Edmundo Orellana, Human Rights Attorney Leo Valladares, and the chief of the Criminal Investigation Directorate have also asked the military officers publicly to present themselves to testify.

The military officers are requesting the benefit of the amnesty decrees issued in 1987 and 1991, and although the Court of Appeals had ruled in their favor, the Supreme Court of Justice overturned this ruling and ordered the trials to continue and the judge to apply the amnesty if events warrant.

Honduran Military Head Discloses Command Staff

PA0502014196 Tegucigalpa LA TRIBUNA in Spanish 30 Jan 96 p 6

[FBIS Translated Text] Armed Forces Chief General Mario Raul Hung Pacheco opened up the "sealed envelopes" in order to disclose to Hondurans the staff with which he will work during his administration as head of the military institution.

The only changes that are still pending are the chief of staff of the Presidency and the defense minister, because they are at the disposal of President Carlos Roberto Reina.

"For the position of defense minsiter, we will propose Colonels Francisco Bustillo Murcia, Soto Ponce, and Edmundo Corrales Calix," the Armed Forces chief has stated.

On the possible appointment of Gen. Guillermo Paredes to this position in the government cabinet, he said: "It will be welcomed if the president so decides."

"The president of the Republic is the one who has the authority to appoint someone in this position and, thus, this cannot be confirmed at this time, because it would be disrespectful to the president if I did so," he indicated.

The appointment of the chief of staff of the presidency — a position currently held by Gen. Alvaro Romero — receives the same treatment, and President Reina will determine if Romero is to continue as chief of the Presidential Honor Guard.

Hung Pacheco said he had respected the hierarchy and seniority of the officers and that the officers in command posts come from up to the 15th graduating class.

Hung Pacheco's Staff

Armed Forces spokesman Guillermo Pagan Solorzano announced the names of the officers who will manage the Armed Forces:

Gen. Mario Raul Hung Pacheco, commander in chief; Colonel Guillermo J. Pinel Calix, armed forces inspector; General Col. Cristobal E. Corrales, armed forces paymaster general; Col. Eugenio Romero Euceda, senior officer of the commander in chief; Col. Abraham Reyes Gomez, general auditor of the armed forces; Col. Paris Rivera Rapalo, general headquarters commander; Lieutenant Colonel Jose Rosa Doblado, aide de camp.

Defense Ministry

Pending: minister;

Col. Noe Flores Velasquez, deputy minister; Col Saul A. Alcerro Rivas, senior officer.

Joint Chiefs of Staff

Gen. Roberto Lazarus, chairman; Col. Gustavo Flores Valeriano, assistant to the chairman; Lieutenant Colonel Santos Soto Ponce, secretary general; Col. Jorge A. Cubas Romero, personnel (C-1); Col. Jorge A. Juarez Bueso, intelligence (C-2); Col. Jose Martinez Amador, organization, operations, and administration (C-3); Col. William Copeland E., logistics (C-4); Col. Francisco Davila Nolasco, civilian affairs (C-5); Col. Freddy Miranda Fialios, military recruitment (C-7).

Forces

Col. Luis Alonso Villatoro, general army commander; Col. Guillermo A. Linares, army general staff directorate chief; Gen. Oscar Servellon Moradel, FAH [Honduran Air Force] commander; Col. Alberto Urcina Reyes, FAH general staff directorate chief; Rear Admiral Bruno Fontana, navy force commander; Captain Ricardo Reyes Rivera, navy general staff directorate chief; Col. Julio Cesar Chavez, FSP [Public Security Force] commander; Col. Manuel Antonio Urbina, FSP general staff directorate chief.

Army

Col. Julian Aristides Gonzalez, inspector; Col. Manuel Quintanilla H., intelligence; Col. Humberto A. Lopez, logistics.

Brigade Commanders

Col. Emanuel Flores Mejia, 101 Brigade; Col. Luis Alonso Velasquez, 105 Brigade; Col. Jose N. Lara Alvarado, 110 Brigade; Col. Efrain Gutierrez Ardon, 115 Brigade;

Unit and Study Centers Commanders

Col. Rodolfo Interiano P., first infantry battalion; Lt. Col. Jose. A. Rodas Gamero, second infantry battalion; Lt. Col. Raul Sandoval V., third infantry battalion; Col. Rodolfo R. Diaz V., fourth infantry battalion; Lt. Col. David R. Murillo A., fifth infantry battalion; Col. Raul Escoto Castellanos, sixth infantry battalion; Lt. Col. Carlos Espinoza R., seventh infantry battalion; Col. Jose G. Ramos Guzman, ninth infantry battalion; Lt. Col. Luis A. Cordon B., 10th infantry battalion; Lt. Col. Gregorio Escobar, 11th infantry battalion; Col. Raul Edgardo Estrada, 12th infantry battalion; Lt. Col. Fidel Velasquez M., 14th infantry battalion; Lt. Col. Nery Gomez Rodriguez, 15th infantry battalion; Lt. Col. Marco T. Ayala Vindel, 16th infantry battalion; Lt. Col. Napoleon Santos A., first artillery battalion; Col. Felix Umana Chavarria, second artillery battalion; Lt. Col. Humberto Cabrera R., fourth artillery battalion; Col. Jorge Andino Valladares, Recablin [Armored Cavalry Regiment]; Col. Rafael Rivera Torres, first engineers battalion; Col. Jose Isaias Barahona H., first communiations battalion; Col. Oscar R. Hernandez Ch., first special forces battalion; Col. Juan R. Valladares, CALE [Army Logistics Support Command]; Lt. Col. Alberto Oyuela Oyuela, CAMEN [Military Training Center]; Col. Manuel de Jesus Luna G., "General Francisco Morazan" military school director; Lt. Col. Hector L. Pavon Lopez, Officers Candidate School director; Col. Francisco Lima Bueso, Armed Forces Technical School director; Lt. Col. Marco A. Carranza, Cedace [Agriculture and Ecology Center] director.

Public Security Force

Col. Marco A. Matute Lagos, inspector; Major Rafael D. Arias Sorto, information; Lt. Col. Julio C. Funez Alvarez, logistics.

Honduran President, Commanders Meet on Appointments

PA0402232696 Tegucigalpa LA TRIBUNA in Spanish 1 Feb 96 p 2

[FBIS Translated Text] Honduran Armed Forces Commander General Mario Raul Hung Pacheco and President Carlos Roberto Reina met behind closed doors yesterday to discuss the appointments of the defense minister and the chief of staff of the presidency.

The meeting was held in the afternoon, and the following top military leaders also attended it: Joint Chiefs of Staff Chairman Roberto Lazarus, Army Commander Luis Alonso Villatoro, Air Force Commander Oscar Servellon Moradel, and Navy Commander Bruno Giordano Fontana Hedman.

For the executive, Jorge Arturo Reina also participated in the meeting as an adviser.

The Armed Forces are presenting Francisco Bustillo Murcia as a candidate to occupy the post of defense minister. He would replace Gen. Reynaldo Andino Flores. They also want to replace Gen. Alvaro Romero Salgado, current chief of staff of the presidency, with Col. Roberto Martinez Avila, who is currently the security chief and Romero's assistant.

According to what has been heard, the eighth graduating class wants to remove members of the sixth graduating class, such as Reynaldo Andino Flores and Alvaro Romero Salgado, from their positions and send them to diplomatic posts abroad as has already been done with Gen. Luis Alonso Discua Elvir and Gen. Lazaro Melanio Avila Soleno.

It has been known that Presiden: Reina wants Gen. Guillermo Paredes Hernandez to be his defense minister and Romero to continue on as chief of staff of the presidency.

Honduran Police Head on Transition to Civilian Control

PA0502014796 Mexico City NOTIMEX in Spanish 2057 GMT 29 Jan 96

[FBIS Translated Text] Tegucigalpa, 29 Jan (NOTIMEX) — Colonel Julio Cesar Chavez became the new chief of the militarized Public Security Force (Fusep) today. According to a bill currently being discussed by the legislative branch, this institution will be transferred to civilian authority this year.

"We will make all necessary efforts to further this priority and to start the change with the best procedures so as to ensure an orderly transition," President Carlos Roberto Reina stated when he attended the transfer of command ceremony.

Reina stressed that this is the first time an officer coming from the Police Academy has commanded Fusep in its 32 years of being attached to the Armed Forces. In addition, he added, this officer will be the last to command the institution under military control.

National Congress (Parliament) President Carlos Flores announced last week that deputies will confirm this week the bill that orders that Fusep be separated from the Armed Forces and turned into a Civilian National Police.

Chavez received the Fusep command baton from General Roberto Lazarus, who will be chief of the Joint Chiefs of Staff of the Armed Forces as of this Monday.

The changes in the military command took place after Gen. Mario Hung Pacheco took command of the Armed Forces on Saturday. He will head the military institution for three years and replaces Luis Alonso Discua, who will be assigned to the Honduran diplomatic corps at the United Nations (UN).

The approximately 5,000 Fusep policemen received Chavez with complaints because the government had promised them a wage hike of 200 lempiras ($19), and their January paychecks only came with a 50- lempira (a bit more than $4) increase.

Chavez accepted that they had only been paid this amount, but said it was because the emergency fund, which amounts to 25 million lempiras ($230,000), "was not enough to cover the increase." He, however, pointed out that they are looking for mechanisms to be able to complete the payment.

With the increase received this month, each policeman earns close to 750 lempiras ($71), a wage that is inferior to the basic basket that amounts to $120. According to authorities, this is one of the things that hinders greater effectiveness in the struggle against crime and bribery.

However, Chavez promised Honduran society to maintain public order with respect for human rights and repeated that Fusep will continue to be an apolitical institution and will not interrupt the process of transition to civilian authority.

Meanwhile, President Reina indicated that his objective is to revert the trend that led to the militarization of Fusep, so that it can "retake its role, which is to serve the people and promote public well-being."

"We must recall that during a dictatorship every man in uniform feels that he is seen as a repressor, but in a democracy, the entire country sees the man in uniform as a guarantee; this is the Honduras of today," Reina asserted.

The demilitarization of the Honduran police started when the Department of National Investigation (DNI) was eliminated in 1994. The DNI was a secret military police, attached to Fusep, that humanitarian groups have pointed out as the author of serious human rights violations.

The DNI was replaced by the Criminal Investigation Department (DIC), which is under the Attorney General's Office, a year ago.

In his speech this Monday, President Reina instructed Chavez to further greater coordination with the DIC to counter violence and crime in this Central American country.

Honduran Police Evict Peasants From Company-Claimed Land

PA0402201096 Mexico City NOTIMEX in Spanish 1634 GMT 1 Feb 95

[FBIS Translated Text] Tegucigalpa, 1 Feb (NOTIMEX) — Combined army and police troops today launched an operation to evict 116 persons who are occupying the Tacamiche Farm, which the transnational Tela Railroad Company claims belongs to it.

At least six persons, three men and three women, were captured since the early morning hours, while over 50 workers have taken refuge in two Evangelical temples in Tacamiche, local radio stations reported.

The incidents are taking place in Tacamiche, 300 km north of Tegucigalpa, in company lands that have been occupied since 1994. The Tela Railroad company is demanding respect for land ownership. Andres Urtrecho, northern zone chief of police, said that he has 500 agents to carry out the operation, and noted "we are only obeying orders as far as the judge is concerned."

Moreover, peasant leader Rafael Alegria said that he will appeal to international forums to denounce the situation, since the eviction took place in an unfair manner and no mediation was held.

The peasants who took refuge in the Evangelical temples had the light and water cut off, and the company's machines began to destroy the peasant's crops in the 400 hectares that were occupied. To get them to leave those lands, the government offered peasants 5,000 lempiras ($490) and to move them to another location where houses would be built for them, but the offer was turned down.

The peasants said that they have been living and tilling the land in Tacamiche for generations.

Nicaragua

Nicaragua's Daniel Ortega in Cuba for Medical Treatment

PA0602032096 Managua Radio Nicaragua Network in Spanish 1130 GMT 2 Feb 96

[From the "620 Newscast"]

[FBIS Translated Text] Former President Daniel Ortega is receiving treatment in Cuba to purify his blood. Former Nicaraguan President Ortega, who was treated for a heart ailment in Cuba in 1994, is again in Havana, where he is being examined by Cuban doctors. The PRENSA LATINA news agency said that Ortega is receiving a treatment called ozonetherapy [ozonoterapia] to purify his blood. The duration of the Sandinist leader's medical treatment in Cuba is unknown.

Nicaraguan Report on CSE Head's Resignation Suspension

PA0202232496 Managua BARRICADA in Spanish 30 Jan 96 pp 1, 7

[Report by Mario Sanchez Paz]

[FBIS Translated Text] Mariano Fiallos has temporarily suspended his resignation from the presidency of the Supreme Electoral Council (CSE). He has made this decision at the request of the plenum of CSE magistrates who have refused to accept his retirement.

According to Magistrates Braulio Lanuza, CSE vice president, Rosa Marina Zelaya, and Alfonso Callejas, among others, the CSE magistrates have sent a letter to National Assembly (AN) President Cairo Manuel Lopez in which they have asked that Fiallos' resignation be put on hold.

The magistrates have also sent a letter to President Violeta Chamorro urging her to use her good offices to resolve this new institutional crisis by submitting the draft bill on the partial reforms of the Electoral Law, published on 22 January.

Fiallos has said his recommendations and those by the CSE plenum were never heeded after numerous attempts to make certain changes with the law. He added that he believes it is incompatible and unacceptable that the Municipal and Departmental Councils and those of the vote counting boards are being elected, controlled, and managed from the Presidency of the Republic rather than the CSE.

BARRICADA has learned that Mariano Fiallos presumably resigned from the CSE because the Supreme Court of Justice (CSJ) is planning to "transfer" to the CSE the decision to resolve the presidential disqualification appeals presented to the CSJ by Antonio Lacayo and several ministers who want to run for government positions in the upcoming elections. In this regard, Fiallos has told reporters that ruling on this type of issue does not fall under the jurisdiction of the CSE but, rather, under that of the CSJ and that the CSE only wanted the CSJ to rule speedily on the appeals before the registration period for the candidates begins.

Zelaya, Magistrates Alfonso Callejas, Roberto Rivas, Carlos Baez, Ana Maria Gutierrez, and Mario Montenegro have said Fiallos' resignation was not due to disagreements among the members of the CSE but, rather, because the constant recommendations made to the AN and the Presidency of the Republic were never heeded.

They have said that when the draft bill on the Electoral Law was being reviewed, Fiallos and the magistrates explained both personally and through letters sent to the AN presidency, the Electoral Commission, and each deputy the recommendations regarding several points that contradicted the final law.

Fiallos has insisted that in no way was he putting the AN between a rock and a hard place, because the suggestions and claims were made at the appropriate moment. He also has said that the law was not published until 22 January even though it was promulgated on 9 January and that the CSE did not know about it until 23 January. Consequently, no request to reform the law could be filed until it was made public.

Fiallos has insisted that the new Electoral Law has gaps and several inconsistencies and contradictions between one article and another, but he has also admitted it contains many advances. The CSE does not seek to change the law but, rather, to improve it to make the upcoming elections the most honest and open ones in Nicaragua's history.

Meanwhile, Luis Humberto Guzman, former AN president, has described Fiallos' statement as "unfortunate," because the changes he has asked to be made in the Electoral Law "are nothing new," the reason why the Advisory Commission and, later, the AN plenum rejected them.

U.S. Ambassador John Maisto has stated his confidence that the state branches, the Presidency of the Republic, the CSE, and the AN will hold a dialogue to resolve the new institutional conflict for the sake of improving the Electoral Law and restoring the trust of Nicaraguans in the electoral system.

Meanwhile, AN President Cairo Manuel Lopez has said Mariano Fiallos' resignation has not been processed yet, but he has deemed it necessary for the AN to process the request to reform the Electoral Law.

Column Reports on 'Up With Nicaragua Movement'

PA0402192496 Managua EL SEMANARIO in Spanish 26 Jan-1 Feb 96 p 11

[From the "Elections 96" column by Edgard Solorzano]

[FBIS Translated Text]

PROPOSAL A

This is the outline of a political movement that bases its message on an economic change and, even though it presents a weak party structure, it has created a stir with its publicity in the media, despite claims that it is only financed by its candidate, doctor Alvaro Robelo.

The Up With Nicaragua Movement, which appeared in the political scene to participate in the 1996 elections, emerged as an idea among a group a friends, particularly important businessmen who privately met in October and November last year, and some of the current government's former officials.

The political group was practically created on 8 December 1995 and it was launched at the Camino Real Hotel, presenting Doctor Alvaro Robelo as its presidential candidate.

The leading supporter of Up With Nicaragua is Doctor Alvaro Robelo, a man who served Mrs. Chamorro's government as ambassador in various European countries, a man who disagrees with the way in which this government is handling economic-political issues, and he has somehow managed to combine a powerful group within the national economy — aside from having important contacts abroad, particularly businessmen and politicians in Italy and Spain.

Leaders of this nascent movement try to present their political platform as something that differs from the traditional political parties rather than just another party.

It is a new movement that, even though it has yet to register as a party at the Supreme Electoral Council to obtain its legal status, it appears before the public with a style that does not endorse the trivial interests which dominate partisanship, and it is dedicated to a plan that — according to one of its basic goals — strives to bring the country out of its current economic ostracism.

Its flag has white and blue stripes with the national flower in the center, as evidence of its own identity because, as far as the movement's leading members are concerned, Nicaragua currently has no face or national identity.

Their main starting point, their public speeches, contradict the current government's macroeconomic policies, which have resulted in unemployment and starvation for a majority of the population.

We were the region's granary yet we have now become importers of food, suffering high rates of infant mortality, increasing crime levels, unsanitary conditions, lack of education opportunities, lack of investments and the ensuing drop in production and productivity, they state in a proclamation circulated this month.

During their recent electoral campaign preparations, which began early this year, they emphasize that they do not offer demagogic solutions to the great crises that prevail in the country. Instead, they claim that, if they achieve power, they will resolutely fight against all the evils that afflict the country.

Their electoral pledge is that they will struggle to create jobs because they are determined to struggle for the people's economic and social development, seek for a Nicaragua without polarization, without the risk of returning to the past, respecting other people's rights, and where there is equality before the law and the same opportunities.

According to some analysts, the movement is like the government's political plan, the National Project (Pronal), which is comprised of technocrats and businessmen who know nothing about politics. However, the authorities have stated this involves a political group where small and medium-level businessmen, workers and peasants, and professionals coincide to join efforts in the task of straightening up the country.

To distinguish themselves from the other parties, particularly the political extremes, they state in their speeches about their political plans that the essential thing to save the country is necessarily to end enmities and rancors, personal ambitions and selfish interests, and to think only about Nicaragua. In no way do they refer to a political party or person, trying to prevent a controversy and confrontation.

One of the things that its opponents criticize the most is that the movement is supported by drug-trafficking money; and it is specifically linked with the Italian mafia. These charges are made given the lavish way in which the movement has appeared in public, to the point that its electoral publicity is being hurled from small airplanes, even though this barely involves the initial stages of the electoral campaign.

In the political sector they claim they are supported by the former Nicaraguan Resistance [RN] and proof of this is that former RN staff members have joined the movement. Nevertheless, they have no ties with the Resistance Party, a political group that held its Special Congress weeks ago, nominating its candidates for the post of national president and vice president.

Leaders of this movement politically define themselves as having social democratic tendencies, even though they have no ties with existing parties of this same tendency in the country.

This is a new movement that still has no programmatic platform, but it does have a presidential candidate — although he does not have a candidate to accompany him in the ticket. The organization is still weak, it is not well organized, although its members claim they have all the directorates demanded by the Supreme Electoral Council norms, and they will be sworn in later on this month.

According to some analysts, the movement's authorities have a populist spirit in their organization chart and ways of proposing the existence of a permanent people's congress where citizens may state who should be their representatives in the form of deputies, mayors, and councilmen. Nevertheless, they oppose authoritarianism, a vertical command structure, and anarchy — the banes of populism.

The have no plans for political alliances with any political party for the time being, although some parties have stated their intentions of comprising an alliance with the movement. These possibilities have yet to be analyzed by the movement's leaders because they believe it is premature.

In the financial sector, their main and only support comes out of Doctor Alvaro Robelo's pockets, according to his own statements to EL SEMANARIO.

As far as the Up With Nicaragua Movement is concerned, the fact that it has yet to appear in the polls is because they have just emerged; and they also believe that the political parties which currently lead in the polls cannot guarantee they will emerge victorious in the elections because polls are conducted with directed questions.

This is a brief outline of what the Up With Nicaragua Movement represents, a political party that will appear in the ballots, that defines itself as center-oriented, and whose main concern is the country's economic situation, a problem that has resulted in the nation's social corruption.

Argentina

Argentina's Menem Leaves For World Economic Forum

PY0302005996 Buenos Aires TELAM in Spanish 2332 GMT 2 Feb 96

[FBIS Translated Text] Buenos Aires, 2 Feb (TELAM) — President Carlos Menem tonight left for Switzerland, where he will participate in the World Economic Forum, scheduled to be held in the city of Davos.

Menem left aboard the Tango-01 "Virgin of Lujan" plane, which took off from the Ministro Pistarini (Ezeiza) International Airport at 2010 today.

The president will arrive at 1530 (Swiss time), 1130 (Argentine time), on 3 February in Zurich, where he will stay all day, conducting private activities and meeting government officials.

Menem is accompanied by Alberto Kohan, secretary general of the presidency; Buenos Aires mayor Jorge Dominguez; Vice Foreign Minister Fernando Petrella; Brigadier General Juan Paulik, Air Force chief of staff; Media Secretary Raul Delgado; and Rear Admiral Carlos Marron, military household chief, among other officials.

After staying in Zurich, the president will leave for Davos on 4 February to lecture in a presidential panel on "Regional Integration and Development: South America's Two Challenges."

Argentina's Menem Meets 'Arafat on 'White Helmets'

PY0602004496 Buenos Aires TELAM in Spanish 2038 GMT 4 Feb 96

[Report by TELAM special correspondent in Davos]

[FBIS Translated Text] Davos, Switzerland, 4 Feb (TELAM) — Today, Palestinian President Yasir 'Arafat expressed his gratitude to President Carlos Menem for sending a mission of White Helmets to the territory under the Palestinian leader's rule. 'Arafat confirmed that he will visit Argentina between March and April.

Menem conversed with 'Arafat for a few minutes during a luncheon hosted by the organizers of the World Economic Forum in honor of the heads of state and businessmen who attended this meeting.

During their conversation, 'Arafat confirmed that he will make a state visit to Argentina in March or April.

Commenting on their talk, Menem said that the Palestinian head of state "thanked me for having sent a mission of White Helmets to the region and we agreed to continue our dialogue in Buenos Aires during his state visit."

The United Nations has acknowledged Menem's initiative of establishing the White Helmets, an international endeavor to fight hunger and poverty through volunteers sent to various regions in the world.

Palestine has been one of the destinations of those missions of volunteers. This is why 'Arafat acknowledged with appreciation his Argentine counterpart's initiative of sending the White Helmets to Palestine.

Argentine Vessel Intercepted in Restricted Falklands Zone

PY0602013196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2015 GMT 2 Feb 96

[FBIS Translated Text] Buenos Aires, 2 Feb (NA) — Spokesmen from the Argentine Coast Guard [PNA] have reported that PNA personnel have intercepted a vessel sailing under Argentine flag which was fishing in the Malvinas Islands restricted area, thus violating the Agreement on the Conservation of Antarctica's Marine Living Resources [CCAMLR].

According to reports released by the PNA, on 24 January the National Directorate of Fisheries and Agriculture issued a "most urgent" request for the capture of the vessel "Estela," registration number 6010, belonging to the company Agenova.

Official reports disclosed that the vessel was fishing in an area located between the Malvinas Islands and the South Georgia Island where fishing has been banned by the CCAMLR signed by 23 countries, including Argentina.

Personnel from the PNA stationed in Ushuaia had no sooner managed to locate the vessel than they ordered it to go to Puerto Deseado. The vessel was escorted to Puerto Deseado by the coast guard vessel GC-25 "Azopardo," which had sailed out of the naval station at Puerto Ingeniero White. Personnel from the "Azopardo" vessel then proceeded to seal off the hold of the "Estela," whose cargo as well as crew were placed at the disposal of the National Directorate of Fisheries.

Argentine High-Ranking Official Transferred in IBM Case

PY0602004396 Buenos Aires CLARIN in Spanish 3 Feb 96 p 2, 3

[FBIS Translated Excerpt] Hugo Gaggero, the director general of the DGI [General Directorate of Taxation], has transferred Angel Giannattasio, the chief of "the Untouchables," and has named him to a lower, advisory position in the organization.

The transferred official is the one who, from the DGI, denounced the fiscal evasion case that ended up in the discovery of the irregularities that are being investigated in the contract for a informatics system for the Banco Nacional.

When that contract was signed with IBM, Gaggero was vice president of the Banco Nacional and one of the persons charged with carrying out that operation.

On 3 January, Gaggero transferred Giannattasio from a key post in the DGI: He was head of the External Comptroller Office. The decision was made weeks after Gaggero testified before Federal Judge Adolfo Bagnasco, who is in charge of the investigation of the IBM-Banco Nacional case, which was opened in response to charges filed by a private citizen.

The transferred official had filed charges with the Economic Penal Court regarding irregularities within the CCR Enterprise, which had been subcontracted by IBM to participate in providing the informatics system for the Banco Nacional. [passage omitted]

Argentine Senator on 'Informatics Mafia' in IBM Issue

PY0502201596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1602 GMT 3 Feb 96

[FBIS Translated Text] Buenos Aires, 3 Feb (NA) — UCR [Radical Civic Union] Senator Leopoldo Moreau today charged the existence of an "informatics mafia" and demanded the courts to investigate not only the IBM-Banco Nacion "affair" but also the contracting of IBM by the General Directorate of Taxation (DGI) and the National Social Security Administration (ANSES).

Moreau suggested the possibility that the irregularities the courts are investigating in the contracting of the Banco Nacion informatics project may also involve other organizations in view of the fact that in all cases the contracted company was IBM.

Moreau reported that at 1130 on 6 February he plans to visit the offices of Federal Judge Adolfo Bagnasco, who is in charge of investigating the IBM-Banco Nacion case, to obtain information on the investigation process, a few days before the judge decides whether or not someone will be indicted.

After charging the existence of an "informatics mafia," Moreau said that the companies under court investigation "also participated in the ANSeS and DGI informatics process, among other organizations, which involve transactions and contracts totalling about $1 billion."

Moreau also said it is "unlikely" that IBM headquarters in the United States was "unaware of irregularities," as high-ranking IBM officials in the United States alleged.

Moreau yesterday met at the U.S. Embassy with Political Officer Willina Brencick and handed him documents on the IBM-Banco Nacion case.

Speaking to a radio station this morning, Moreau said that U.S. officials had reasserted their "commitment to conduct an exhaustive investigation into the IBM case." He said he also reminded them of the old U.S. claim that "legal protection" must prevail in Argentina.

Regarding IBM, Moreau said: "The United States has always demanded clean business transactions. It is very unfortunate that it is precisely a U.S. company that is involved in all this."

He added that Economy Minister Domingo Cavallo "in view of the charges raised by the UCR, was forced to admit that the DGI had detected the existence of ghost companies to which it had derived part of the payments that had already been made as a result of the so-called Centenario project."

Moreau said that "as a result of this, we started to untangle the situation and proceeded to question Cavallo, which took place last year. We were the first to report everything that the courts are now corroborating: the existence of a $120 million surcharge on a $250 million contract."

He added: "We still have not determined the exact amount of the kickback but it is obvious that whenever there is a commission involved, there is a surcharge because no legal business transaction, or genuine profits of a businessman are used to pay gratuities, as it has already been proven in this case."

Moreover, Moreau described as "very serious" the fact that DGI Director Hugo Gaggero has decided to remove Angel Giannattasio, the DGI External Control department chief, who was the first to have reported irregularities in the contract transactions of Centenario Project.

After stating that Gaggero held the post of Banco Nacion vice president when the first charges were made, Moreau said: "This is very serious because the person who ordered the removal held a high- ranking post at the time."

The UCR legislator also demanded that "at least someone should be sent to jail in the IBM-Banco Nacion case because corruption must be punished."

Argentina's Di Tella Comments on Accord With UK

PY0202170996 Buenos Aires TELAM in Spanish 1828 GMT 1 Feb 96

[By unidentified special correspondent]

[FBIS Translated Text] London, 1 Feb (TELAM) — Foreign Minister Guido Di Tella said today that the UK and Argentine Governments will strive to achieve a fishing agreement in the Malvinas area before starting preparations for the visit that President Carlos Menem will pay to the United Kingdom.

During a news conference with the British and foreign media at the Argentine ambassador's residence, Di Tella praised the bilateral commercial balance which was favorable to Argentina by $700 million.

Di Tella said: "We expect to discuss the most important issues first, such as the fishing agreement, and later we can discuss President Menem's visit to London."

Di Tella predicted that the fishing agreement will be handled with "the same dynamism" with which the South Atlantic oil exploration and exploitation agreement was handled and signed in September.

Di Tella said the fishing agreement "is the final important issue on the agenda."

Asked about the verbal agreement on oil exploitation royalties in the area adjacent to the Malvinas, under which 9 percent will go to the Kellpers and 3 percent to Argentina, Di Tella said: "We expect to get paid."

The Argentine foreign minister said that during his stay in London he held two meetings with economic officials with whom he discussed new British investments in Argentina.

He added that in addition to opening a conference entitled "The Future of Argentina: Carlos Menem's Second Administration" at the University of London, this morning he held a meeting with members of the British Parliament Foreign Affairs Committee, which he described as "very positive."

Di Tella will stay in London until the morning of 3 February when he is scheduled to leave for Zurich, Switzerland, where he will attend the Davos Economic Summit, which opened today and where he will join President Carlos Menem.

President Menem is scheduled to address 100 chiefs of state, politicians, and world leaders the morning of 4 February.

Argentine Minister's Daughter Part of 'Seduction Policy'

PY0202190996 Buenos Aires CLARIN in Spanish 29 Jan 96 p 7

[FBIS Translated Excerpt] **"British, incredibly British."** This is how Foreign Minister Guido Di Tella's youngest daughter, Paula de Gall, described in perfect English the place where she is vacationing with her husband and four children: **The Malvinas Islands.**

According to the Uruguayan Mercopress press agency, which carried the interview granted by Paula di Tella to Falklands Radio, the foreign minister's daughter described Puerto Argentino as **"a small English village,"** adding that **"it also looks very much like the Argentine Patagonia."**

The Gall family's visit forms part of the **"seduction policy"** with which Di Tella hopes to earn the islander's friendship and thus **attain a greater rapprochement** so that the sovereignty issue, **which has been a taboo for the British and for the Kelpers** since the war in 1982, may be raised sometime.

Last Christmas, **the foreign minister sent 800 letters** to the Kelpers with a photograph of his nine grandchildren. The photograph had a note scribbled on it: **"Only one of them has an Argentine passport** and from the expression on his face you can tell he is really missing out on something."

Under the islands' law, no person carrying Argentine documents **can go beyond the Immigration Office in Puerto Argentino.** There is, however, an exception: The Malvinas legislative council has decided to bend the rule and allow the entry of those who, born in Argentine territory, have duel nationality.

This information convinced the foreign minister to encourage **one of his children to make this patriotic trip.** Paula is married to Swiss citizen Christian Gall, and their four children have EU passports. The foreign minister announced her visit in his Christmas message: **"An invasion of noisy Di Tella's** may be looming over the horizon." [passage omitted]

Paula commented: "I am amazed by the **high living standards** of the islanders." **We thought they were more primitive,** and less sophisticated. **"This place looks like the 21st Century."**

As planned, **the Gall family visit is not official** and they were always treated as tourists. Di Tella's daughter said: **"Everyone has been very kind.** The people are very friendly and make every possible effort to make our stay pleasant."

However, **members of the Malvinas Council,** who authorized the Gall family visit, **reacted to comments** by Paula Di Tella: John Cheek said: "I hope **our policy will not be misunderstood** by Mrs. Gall, as a way of accepting the Argentine claim for sovereign rights."

In a harsher tone, Mrs. Norma Edwards said: "Foreign Minister Di Tella **only seeks publicity for his seduction policy."** [passage omitted]

Argentine Minister Concedes 'Malaise' in Armed Forces

PY0202202296 Buenos Aires CLARIN in Spanish 25 Jan 96 p 9

[FBIS Translated Text] Defense Minister Oscar Camilion acknowledged on 24 January that there is malaise in the Armed Forces because the Menem administration decided not to pay Armed Forces personnel the wage hike that relates to last year's promotions.

Asked if there is malaise in the Armed Forces over this situation, which affects some 10,000 members of the security forces, Camilion said during an interview with Radio Mitre: "Yes, indeed."

This controversial measure was adopted following recently announced cuts in public spending to ease the consequences of the so-called "Tequila Effect" (which originated in 1994 following the devaluation of the Mexican peso) and is a bone of contention between the Economy and Defense Ministry.

General Mario Diaz, chairman of the Joint Chiefs of Staff, recently tried to make the economic team back down on its decision, but to no avail. On the contrary, members of the economic team approached Camilion with their complaints.

In an attempt to play down the subject, which was published exclusively by CLARIN newspaper on 30 January, Camilion explained that the decision is part of the Budget Act and that "these measures will be applied across the board, so I think the same thing must be happening to other government agencies and ministries."

The defense minister did not rule out the possibility of meeting with the Army, Navy, and Air Force chiefs of staff to analyze this subject, although he clarified that "contrary to what you may think, it is a decision that did not take us by surprise" because the government had been discussing it for a year.

Camilion said the cutback proposed by the administration "was discussed at length, but finally the Congress decision — that it was necessary to strike a balance in outlays for expenditures to finance increases in outlays in social programs — prevailed."

The defense minister said: "The Economy Ministry is concerned over what it calls the vegetative increase in public spending, with regard to annual increases in public spending due to promotions and seniority."

Nevertheless, military circles claim that the pay increase for members of the security forces "only amounts to 3 million pesos" in total since the average increase is 300 pesos.

Challenging a remark by the interviewer, who said some military circles doubt if the government will pay the promotions earned in 1997, Camilion said: "What the law determines for 1996 is irreversible, which does not mean one must fully agree with it."

The minister declared: "I think it is hardly likely that such a special measure could be repeated in 1997. The problem is that this law will be in force throughout 1996, and it may be brought into question," alluding to the possibility that some military men may initiate lawsuits to collect the money owed to them on account of their promotions.

Argentine Voters Believe Menem Will Seek Reelection

PY0202181896 Buenos Aires LA NACION in Spanish 27 Jan 96 p 5

[FBIS Translated Text] A survey by the Demoskopia Institute shows 61 percent of Argentine people believe President Menem plans to seek reelection in 1999, even though he may have indicated otherwise.

The survey shows that 77 percent of those polled "do not believe it is a good idea" for a third term. Meanwhile, [Rodolfo] Terragno, [Eduardo] Duhalde, and [Jose Octavio] Bordon shared the leading positions in the "quality ranking" of other potential candidates.

There is no provision in the Constitution for a second consecutive reelection for Menem. The survey, which was conducted in December among 601 voters in the federal capital and in the Greater Buenos Aires area, shows most voters would not support a second Menem reelection.

Three politicians share leading positions among the best qualified to hold the presidential office: Rodolfo Terragno (15 percent), Eduardo Duhalde (14 percent), and Jose Octavio Bordon (14 percent). Politicians obtaining less than 9 percent of voters' preferences are: Carlos Alvares (8.5 percent), Ramon Ortega (5.3 percent), Gustavo Beliz (4.2 percent), Carlos Ruckauf (2.5 percent), Eduardo Angeloz (2.3 percent), and Domingo Cavallo (1.7 percent).

Thus, more so than in previous years, leading Argentine political parties currently stand the same chance in the presidential race.

Argentine Frepaso Leaders Hold 'Heated Discussions'

PY0502131396 Buenos Aires TELAM in Spanish 1550 GMT 31 Jan 96

[FBIS Translated Text] Buenos Aires, 31 Jan (TELAM) — The ongoing heated discussions between Senator Jose Bordon and Deputy Carlos "Chacho" Alvarez were today aired by radio when they made statements that again place the "Front for a Country in Solidarity" [Frepaso] on the brink of division.

The two main Frepaso leaders granted lengthy interviews to the Buenos Aires radio stations Mitre, Del Plata, America, and Libertad. The latter was the only station that unsuccessfully tried to engage them in a direct dialogue.

While Bordon announced, from London, that he will "ask the leaders of the Grand Front what they have done to contribute to the growth" of Frepaso, Alvarez accused Bordon of trying to turn Frepaso into the backyard of the "Peronist's power struggle."

Alvarez centered his criticism on what he understands is "an attempt to involve Frepaso in the PJ [Justicialist Party] infighting. This rivalry includes a struggle for the presidential candidacy for 1999." Alvarez said he believes Bordon's stance contributes to the "(Fernando) De la Rua-(Carlos) Menem agreement."

Alvarez explained: "Menem backs De la Rua because he is the 'lesser of two evils' and because he wants to preserve the deals shared by Peronists and radicals since (former mayor Carlos) Grosso's times."

When asked if the crisis within Frepaso could be "reversed," Bordon conditioned the possibility to "an amendment of mistakes" and said: "One must be very careful what one says and extend a very broad invitation to join the party without this entailing a loss of identity."

The senator asserted that he is not thinking of returning to the PJ and refrained from clearly saying if his alliance with Deputy Alvarez is about to break.

Bordon said: "I have been working systematically to wrest the power to govern Argentina from (President Carlos) Menem but the exit of (former Minister Gustavo) Beliz changes the city's political scenario."

The senator for Mendoza said that "when he returns," he wants to "ask the Grand Front leaders what they have done to contribute to the growth of Frepaso."

Alvarez responded that Bordon "mistakenly used Beliz' move because this bright attempt to broaden the front has turned into an unnecessary conflict of a man who will be a candidate for another party and will take part in the Peronist power struggle, but from the outside."

Moreover, Alvarez said: "From the political viewpoint, Bordon should not get involved in PJ infighting with a candidate who will achieve third or fourth place" and appealed for "respect for certain rules of the game."

Bordon said he is "convinced that the Front's space should be broadened horizontally by political leaders who share ethical values and believe in a democratic system." Therefore, he upheld the idea of "continuing talks with Beliz," who has just left the PJ.

Bordon admitted: "When I left for Europe one week ago I thought Frepaso was undergoing a maturity crisis, now I see the situation is much more complex than I imagined."

Argentina: Correction to Uncompleted Submarines Sold

PY2601121296

The following correction pertains to the item headlined "Uncompleted Argentine Submarines Sold as Spare Parts," published in the 26 January Latin America DAILY REPORT, page 19:

Column one, last full paragraph, first sentence make read: ...the German enterprise Thysen Nordsweewerke during the last... (correcting spelling of company name);

Column one, last full paragraph, sentence two make read: ...a military power. Thysen dispatched two submarines... (correcting spelling of company name); and

Column two, first partial paragraph, last full sentence make read: ...opposition of the PRC, which has diplomatic... (correcting acronym of country)

Bolivia

Editorial Views CIA Director's Visit to Bolivia

PY0202193896 La Paz LA RAZON in Spanish 25 Jan 96 p A5

[Editorial: "The CIA in Bolivia, Openly"]

[FBIS Translated Text] The name of the CIA awakens feelings of rejection in Latin American and perhaps in the whole world. It revives deplorable episodes like the invasion of Guatemala in the 1950's, the failed invasion of the Bay of Pigs in Cuba, the destabilization of governments that for one reason or another were considered dangerous for U.S. security. Like the Russian

NKVD [People's Commissariat of Internal Affairs] or, in its time, the German Gestapo, the arrival of the CIA is not (or was not) news to celebrate, and not even to comment upon openly.

However, the recent arrival in the country of the CIA chief, his visit with the president of the Republic, his appearance in pictures, and even the revelation of his full name seems to indicate that his former unfriendly image is changing. It has been revealed that the U.S. CIA will cooperate with the Bolivian Government in the struggle against drug trafficking, an objective that cannot but be welcomed in Bolivia.

We have been notified. From now on, not only the controversial DEA but also the unpleasant CIA will unite forces with our FELCN [Special Antinarcotics Force] to combat that illegal activity. The rumors and the stories about the CIA will be left behind. The CIA officially comes to strengthen the government and not to destabilize it. It comes to help it combat that terrible scourge called drug trafficking.

But amid this official aspect of the issue, there are still doubts and apprehensions: Won't a rivalry between the DEA and the CIA (a rivalry that exists in the United State) take place in Bolivia, in which, in an effort to demonstrate who complies with its duties more zealously, it may incriminate innocent citizens? Let us hope that such thing will not happen.

U.S. To Resume Aid to Bolivia For Coca Eradication

PY0502204396 Madrid EFE in Spanish 0154 GMT 3 Feb 96

[FBIS Translated Text] La Paz, 2 Feb (EFE) — Government Minister Carlos Sanchez Berzain has announced that the Bolivian Government has bound the U.S. Government to resume aid — the exact amount has not yet been defined — to partly finance coca eradication in Bolivia.

Sanchez Berzain reported today on the outcome of the negotiations he conducted in Washington last week, asserting that the Clinton administration accepted the Bolivian request for $15 million, although its disbursement is pending approval of the U.S. federal budget in the forthcoming weeks.

The government minister said that the argument underpinning his request was that support for Bolivia's coca eradication was a key social investment for the American people "because by seriously impairing the production of drugs, that program is the one that produces the most tangible results in drug enforcement."

Sanchez Berzain recalled that the program furthered by the Bolivian Government managed to eradicate 5,500 hectares of coca crops in 1995, which represented the destruction of 13,750 metric tons of coca. This was instrumental in preventing the production of some 42 metric tons of cocaine in Bolivia.

The minister said that 1.5 billion doses of cocaine could have been processed and sold on the international market with the coca that was eradicated in Bolivia. Coca growers accuse the government minister of being behind the police repression and the several deaths which occurred during the clashes between drug enforcement agents and civilians.

During his stay in Washington, Sanchez Berzain held talks with Benjamin Gillman, House International Relations Committee chairman; Drug Enforcement Administration (DEA) Administrator Thomas Constantine; Alexander Watson, assistant secretary for Inter-American Affairs at the U.S. Department of State; Robert Gelbard, assistant secretary for International Narcotics Matters at the U.S. Department of State; and OAS Secretary General Julio Cesar Gaviria.

Sanchez Berzain pointed out that in his third visit to the United States to obtain support for drug enforcement, "(U.S. officials) had a better opinion of Bolivia's endeavors to combat drug trafficking than a year ago."

The government minister further stated that "undoubtedly," Bolivia is the country most capable of handling the struggle against the drug trade and has obtained better results than all other countries.

In concluding, Sanchez Berzain said that U.S. aid for crop substitution programs in Bolivia will amount to $47 million in 1996.

Bolivian President Confirms Santa Cruz Prefect

PY0202180396 Santa Cruz EL MUNDO in Spanish 20 Jan 96 p A11

[FBIS Translated Excerpt] Juan Carlos Duran Saucedo, deputy leader of the Nationalist Revolutionary Movement [MNR], yesterday announced that President Gonzalo Sanchez de Lozada has confirmed Julio Leigue Hurtado as prefect of Santa Cruz Department. Duran Saucedo stated that he discussed the issue with the president.

Announcing that Leigue Hurtado has been confirmed, Duran Saucedo said: "There will be no changes in Santa Cruz. Leigue Hurtado stays on his post. Although there is a process of change in the country, there will be no change in Santa Cruz." [passage omitted]

Bolivia Signs Agreement To Suspend Peasants March

PY0502152996 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 5 Feb 96

[FBIS Translated Excerpt] The women coca growers are returning home saddened because their march obtained only partial results. They thanked the people of La Paz for their warm reception and solidarity during the days they had to bear the government's harassment, despite their failure to force the reopening of the eight primary coca markets.

On Saturday, the coca growers were preparing to return home not very convinced of what they could get from the government through the agreement signed between their leaders and government authorities. They were serious, their eyes on the horizon, and had very few words to describe what they had obtained after their 30-day march full of sacrifices during which they walked 600 km to La Paz where they began a hunger strike.

The look on the faces of the coca growers' was very different on 3 February from when they shook the government with their entry into La Paz three weeks ago. [passage omitted]

Peasant leader Silvia Lasarte of the Cochabamba tropical region estimated that the government satisfied 60 percent of their demands, adding that the rest still required further discussions. Without defining what was positive or negative in the agreement, Lasarte expressed hope that the government will respect the agreement it has just signed and will not repeat its previous behavior.

The agreement signed on 3 February, which refers to topics in general terms, says the government never implemented the forceful eradication of coca plantations, anticipating that any eradication in the future will be canceled [sentence as heard].

The agreement does not mention the reopening of the eight coca markets in the Cochabamba tropical region, pointing out that there are public defenders who will investigate all human right violations.

Bolivia: Correction to CIA Director's Visit Explained

PY3001204996

The following correction pertains to the item headlined "Bolivia: CIA Director's Visit To President Explained," published in the 26 January Latin America DAILY REPORT, page 20:

Column two, third full paragraph, only sentence, make read: ...the CIA director considerably praised the task carried out... (changing "pondered on" to "considerably praised")

Brazil

Brazil's Cardoso Asks Senate To Approve Sivam Funding

PY0602021596 Sao Paulo AGENCIA ESTADO in Portuguese 2318 GMT 5 Feb 96

[FBIS Translated Text] Brasilia, 5 Feb (AE) — President Fernando Henrique Cardoso today sent a letter to Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], president of the Brazilian Congress, asking for the Senate's support in approving the foreign loans earmarked for the Amazon Region Surveillance System (Sivam) project. In his letter, which was received in the Senate at 2045, Cardoso says: "I would like to convey some considerations in order to assume, before the Senate, the executive branch's political responsibility regarding this project." Sarney will not receive the letter until 6 February, when he is scheduled to return from Maranhao State.

Cardoso made the decision to send the letter to Sarney during a meeting he held on 2 February with Senator Ramez Tebet (PMDB-MS) [Mato Grosso do Sul], who is the rapporteur of the Sivam project. Tebet told Cardoso that the senators were reluctant to approve the Sivam project, which has been criticized by various sectors of Brazilian society. For instance, the Brazilian Society for Scientific Development (SBPC) has claimed that there is a 40-percent overcharge in the price for the equipment for the Sivam project quoted by the U.S. company Raytheon.

This is not the first time in which the president has sought to avoid the rejection of a government-sponsored bill by sending a letter of support to the senators. In June 1995, he also sent a letter to the senators in connection with a bill that would put an end to Petrobras [Brazilian Petroleum Corporation] monopoly over oil. The bill ending the Petrobras oil monopoly was ultimately approved.

During his meeting with Tebet, Cardoso said he would not hesitate to adopt "tough measures" to guarantee the openness of the Sivam implementation process. He noted that he had disqualified ESCA [Automation and Control Systems Engineering], which was to manage the project, following confirmation that it had forged INSS [National Social Security Institute] payment certificates. Cardoso added that he would also disqualify any individual or company which may engage in illegal actions concerning the Sivam project.

According to Tebet, Cardoso asked him: "How is Sivam going?" Tebet answered: "The public needs to be told why the administration is so intent on approving this project." Cardoso answered: "It is a state matter I have chosen to defend."

Sen. Tebet is going to attach the president's letter to the recommendations he will submit to the Constitution and Justice Committee on 7 February. The Senate committee is not expected to vote on the proposal until 14 February because the senators will ask for time to examine the relevant details. Tebet plans to condition approval of the Sivam loan to a number of measures designed to promote development in the Amazon Region and of Brazilian industry. Tebet wants Brazilian companies to be entrusted with the civil engineering portion of the project, as well as with the supply of Brazilian-made equipment — such as Embraer [Brazilian Aeronautics Company] planes — in addition to other forms of Brazilian participation. The rapporteur seeks to set aside nearly $500 million of the $1.4 billion Sivam project for Brazilian companies.

Brazil's Cardoso Sends Letter Over Sivam Implementation

PY0602151496 Sao Paulo AGENCIA ESTADO in Portuguese 1114 GMT 6 Feb 96

[FBIS Translated Text] Brasilia, 6 Feb (AE) — President Fernando Henrique Cardoso will meet Aeronautics Minister Lelio Viana Lobo at 1730 today. The meeting will take place one day after President Cardoso resorted to Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] and asked him to be insistent with the senators regarding approval of foreign credit to be earmarked for the Amazon Region Surveillance System (Sivam). In a letter sent to the national Congress on 5 February, Cardoso assumed responsibility for the implementation of the project. The letter will only reach Sarney's hands today, because yesterday (5 February) he was still in Maranhao State.

The president decided to send Sarney the letter after talking to Sivam rapporteur Ramez Tebet (PMDB-MS) [PMDB-Mato Grosso do Sul]. During the conversation with Tebet, President Cardoso said that he will not hesitate to adopt "strict measures" to ensure correctness in the implementation of the project. Senator Tebet will attach to President Cardoso's letter a copy of the report he will present to the Constitution and Justice Committee on 7 February. Voting on the proposal will only take place on 14 February, because the senators will need time to examine all the details of the proposal.

Tebet will condition authorization for the loans to a series of measures to stimulate the development of the Amazon Region and of the Brazilian industries that will be in charge of the civil construction work and of supplying equipment available in the country — such as the Brazilian Aeronautics Company planes — in addition to participating in the project in other ways. The rapporteur's intention is to ensure that nearly $500 million of the $1.4 billion earmarked for Sivam will be paid to the Brazilian enterprises.

Brazil Preparing For Energy Projects With Venezuela

PY0502202496 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Feb 96 p A5

[Report by Maria Helena Tachinardi]

[FBIS Translated Text] Several agreements will be signed during Venezuelan President Rafael Caldera's visit in April, among them an agreement for supplying electricity from the Guri plant to the Manaus region. "The only thing that remains to be arranged is the price," Clodoaldo Hugueney Filho, Brazilian ambassador to Venezuela, told this newspaper on 1 February.

Mines and Energy Minister Raimundo Brito will go to Venezuela in March to arrange the details of the cooperation between the two countries in the areas of petroleum and electricity. Venezuelan Petroleum, Inc. (PDVSA) and Petrobras [Brazilian Petroleum Corporation] are also discussing the Venezuelan state-run company's participation in the capital of the refinery, which will be built jointly in Brazil's northeastern region. The location of the refinery has not yet been established, and the dispute for the $1.6 billion investment has turned into a political conflict. Pernambuco, Maranhao, Rio Grande do Norte, and Ceara want the refinery. PDVSA and Petrobras will also create an entrepreneurial partnership to operate in third markets.

Preparations for the visit by Caldera began this week with the fifth meeting of the consultation mechanism. Venezuelan Deputy Foreign Minister Milos Alcalay Mirkovich and Itamaraty secretary General Sebastiao do Rego Barros, headed the delegations. The meeting, which will end today, addressed all agenda items. The following are the most important points:

Commerce and Integration: Brazil's trade deficit with Venezuela stood at approximately $500 million in 1995, as a result of the increased petroleum purchases. Brazil imports 110,000 barrels of petroleum and byproducts (liquefied petroleum gas, diesel oil, asphalt, and lubricants) per day. The government has suggested that Brazilian entrepreneurs be more aggressive on the Venezuelan market in order to reduce the deficit. Hugueney Filho said that the expansion of prospecting areas will open an opportunity for exporting tubes for the petroleum industry. Border trade between the states of Roraima, Amazonas and Bolivar, grew from $40,000 four years ago to $3 million per month, thanks to the simplification of customs operations. Venezuela and Mercosur [Common Market of the South] will sign an agreement in 1996.

Energy: The Guri-Manaus transmission line will be built by the private sectors of the two countries. The technical aspects of the project have already been resolved. Eletrobras [Brazilian Electric Power Company, Inc.] and Edelca [Caroni River Electrification Project] are discussing the price. The energy will be conveyed to the border, where it will be purchased, and from there it will go to Manaus.

Mining and Iron and Steel: Privatization of Orinoco Iron and Steelworks (Sidor), valued at $1.3 billion, of the bauxite and aluminum complex (Bauxiven [Venezuelan Bauxite, Inc.], of Venalum [Aluminum Company of Venezuela, Inc.]), and of Fesilven [expansion unknown] will be promoted this year and will bring prospects for Brazilian entrepreneurs. Brazil will supply the technology for the recuperation of the areas affected by mining activities.

Transportation: Airlines are needed to join southern Venezuela and northern Brazil. The two governments are giving incentives to regional airlines to operate in those areas. As for the BR-174 highway, the stretch joining Manaus and the border will be ready at the end of the year. On the Venezuelan side, the highway is ready.

Environment: There will be a seminar on ecological tourism in Puero Ordaz in March. The two countries are cooperating in biodiversity and ecological mapping.

Agriculture: Negotiations are under way on a plant health agreement and on an agreement on tuna fishing in Brazil and sardine fishing in Venezuela.

Strategic Planning: The Strategic Affairs Secretariat (SAE) and the foreign relations advisory office of the Venezuelan Presidency are studying the future relations between the two countries, which Presidents Caldera and Fernando Henrique Cardoso consider strategic.

Illegal Mining: Despite the efforts by the two governments, in December 1995 there was an incident with miners on the border. The number of problems, however, have decreased over the past few years.

Brazil: Central Bank Head Views New Exchange Rate Band

96SM0079A Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Jan 96

[Unattributed article: "Dollar Has Room To Rise"; received via Internet]

[FBIS Translated Text] *The government is widening to 7.07 percent the range within which the U.S. currency can vary. Beginning today, the rate exchange can range from 0.97 real to 1.06 reals.*

Brasilia—Yesterday the government abolished the rule declaring one real to be the ceiling for the dollar rate, and at the same time it changed the range within which the exchange rate can vary. The decision was made at a special meeting of the National Monetary Council (CMN) and was not formally announced until early last night.

The change in the range of variation—or "exchange rate band," in the language used by the Central Bank (BC)—resulted in a 7.07-percent rise in the ceiling set for the dollar rate. Until yesterday, that ceiling had been 0.99 reals; beginning today, it is 1.06 reals.

The BC's director of international affairs, Gustavo Franco, explained that the dollar rate will now have a floor of 0.9710 reals. The change does not mean, however, that the value of the U.S. currency is going to reach the new ceiling today or within the next few days.

The range of variation has been from 0.91 to 0.99 reals until now. The range of variation used by the BC in its day-to-day operations in the exchange market (the so-called miniband) was and continues to be from 0.978 to 0.983 reals.

The 7.07-percent devaluation suggested by the change in the rate ceiling is similar to the figures in the market, which is operating on the assumption that devaluation will equal seven percent this year. But operators in the market do not expect the parity between the dollar and the real to change until April or May.

Despite those calculations, the director of the BC emphasized that the real would not necessarily be devalued in terms of the dollar. "It should be remembered that the last time we changed the band, the rate fell. I do not know. It may happen again, who knows?" he commented. The exchange rate varied by about 15 percent in 1995, or slightly more than the 14.78-percent change in the General Price Index-Internal Availability (IGP-DI) as calculated by the Getulio Vargas Foundation from January to December 1995.

Reasons

Although reluctant to reveal the factors which led the government to change the exchange band and eliminate parity between the dollar and the real, Franco acknowledged that one of the objectives was to prevent the hole in the country's external accounts (or deficit on current account, in the language of economists) from remaining at around three percent of gross domestic product (GDP) this year—around 18 billion reals as calculated in 1995. In the opinion of the BC's director, that deficit might have some negative impact on the image that foreign investors have of the Real Plan.

Gustavo acknowledged that one of the government's concerns was to generate a sizable surplus in the balance in the country's trade transactions with the rest of the world. "We are not adopting this measure because of the trade balance. The balance is one of the things we took into account," he said. The government's ultimate goal is to bring the deficit in its external accounts down to something in the neighborhood of 2.5 percent of GDP (around 15 billion reals in 1996). "I would say that 2.5 percent of GDP is a good figure," he said.

Brazil: Motives for Broadening Exchange Rate Band Viewed

96SM0079B Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Jan 96

[Article by Claudia Safatle: "Goal Is To Have Surplus"; received via Internet]

[FBIS Translated Text] Brasilia—Gustavo Franco, director of the Central Bank (BC), and Jose Roberto Mendonca de Barros, secretary of economic policy in the Ministry of Finance, met yesterday with the leaders of the world's 10 largest investment funds. In two separate conversations, they heard the same concern being expressed: the deficit on current account in the balance of payments, which totaled three percent of gross domestic product (GDP) last year, was not a healthy indicator because the government was using it as a way to finance its current spending.

It was that very reason which led the BC yesterday to broaden the exchange band, raising it from a floor of 0.91 reals and a ceiling of 0.99 reals to the dollar to a floor of 0.971 reals and a ceiling which—at 1.06 reals—broke through the parity between the dollar and the real. As the director of the BC made clear in the press conference held yesterday to announce the new exchange band, the government does not want a repetition this year of the previous deficit on current account (three percent of GDP). To lower that figure, it is crucial to achieve some degree of surplus this year. The current transaction accounts in the balance of payments represent the trading result and the deficit in the balance of services, which hovers around $17 billion. Since payments for services (debt interest, freight, insurance, etc.) are difficult to reduce, the trick is to generate revenues from exports, and to do that, the exchange rate is an important variable. Not only because it makes Brazilian exports more competitive, but also because it makes imports more expensive.

The year began with a yellow light in the trade balance. January is a month of weak exports, but the so-called carryover in imports—purchases made abroad at the end of last year but not recorded as imports on the books until this month—was sizable: on the order of $300 million. That operation is one frequently indulged in by the government, which always denies doing so. One solution was to recommend to the government-owned firms that they accelerate their exports. But the month will certainly end with a trade deficit.

The need to reduce the deficit on current account this year to at least 2.5 percent of GDP—a hole to be financed by the inflow of foreign capital—is linked directly to the expectations which the so-called economic agents have and which guide their business decisions. Continuing successive deficits would mean setting a very bad example: it would give the impression that the foundations of stabilization might be crumbling.

The external scenario has focused the economic team in recent days. Minister of Planning Jose Serra was once alone in criticizing the exchange policy. The chorus swelled when he was joined by Mendonca de Barros and Eliana Cardoso, adviser on international affairs in the Ministry of Finance. Minister of Finance Pedro Malan and the BC's director of international affairs, Gustavo Franco, eventually gave in, and the new exchange band has opened the door to more devaluations.

Brazil: BNDES Releases 1 Billion Reals to States

96SM0079C Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Jan 96

[Unattributed article: "Taps Opened"; introductory paragraph in italics as published; received via Internet]

[FBIS Translated Text] *The BNDES [National Economic and Social Development Bank] has already released 1 billion reals to the states and may double that amount to straighten out accounts and help the governors privatize.*

Brasilia—the National Economic and Social Development Bank has already released nearly 1 billion reals to the state governments as an advance on revenues from future privatization. The president of the institution, Luis Carlos Mendonca de Barros, said in an interview with JORNAL DO BRASIL that he may double that support this year by using bank funds in an operation with two goals: to get the state treasuries out of trouble and help the governors privatize as a fundamental element in the program for the financial reorganization of the states.

The BNDES board of directors approved a contract with Rio de Janeiro State last Monday to release 244 million reals to the Rio de Janeiro Power Company (CERJ) as an advance on revenues, the state government having made a formal promise to privatize the firm. The contract will be signed sometime this week.

So far, strictly speaking, that is the only agreement signed by the BNDES and including a formal promise to privatize. Part of the funds will go into the state treasury, and another portion will be frozen for use as counterpart funds in financing the Rio de Janeiro subway.

From the end of last year until now, the institution has advanced 150 million reals for privatization of the Rio Grande do Sul Telecommunications Company (CRT) in Rio Grande do Sul, 450 million reals for Minas Gerais Electric Powerplants, Inc. (Cemig), and 120 million reals for the Parana Power Company (Copel). This week it will sign the agreement with Rio de Janeiro State and conclude negotiations to release 130 million reals as an advance on revenues to the Bahia Electric Company (Coelba).

Besides improving cash flow and contributing to the financial reorganization of the states, the BNDES has another objective, according to Mendonca de Barros, and that is to create the conditions for privatizing electricity distributors. "As long as we do not have the private sector involved in distribution, it will be very difficult to move ahead with privatization in the field of electricity generation," he said.

Mendonca de Barros takes the pragmatic view: "Privatization is 10 percent ideology and 90 percent specific actions." With that as the starting point, the BNDES' arrangements for the states have been creative and provide a present for governors seeking the bank's help: 70 percent of the profit the BNDES makes from the increased share price of the energy and telecommunications firms it is buying now will return to the state treasuries.

According to Mendonca de Barros, the BNDES is taking two basic approaches in its actions. The first involves companies traded on the stock exchange. That is the case with Cemig. The BNDES bought 33 percent of the company's voting shares at market prices, which were reportedly about 30 percent below the book value of those shares. That position gives the bank a seat on Cemig's board of directors, where it will participate in making the firm's strategic decisions. According to Mendonca de Barros, the agreement to privatize Cemig is an informal one at the moment. The firm will be appraised and may be made a model for privatization. The state government will obviously have the final word. If for some reason there is no privatization, the BNDES may sell its recently acquired shares.

The second approach includes firms not traded on the stock exchange. This is the case with the CERJ and the CRT (of Rio Grande do Sul), but the solutions are different. Privatization of the CERJ has already been authorized in a law passed by the State Assembly, and the BNDES intends to have a plan for its sale ready in six to eight months. In the case of the Rio Grande do Sul Telecommunications Company, the BNDES has bought 35 percent of the common stock and intends to sell some of those shares to an operating company in an international bidding process. That operating company will take over management of the CRT, which will remain under the shareholding control of the state government but be placed under private professional administration.

Mendonca de Barros explained that the BNDES will probably retain from 10 to 15 percent of the CRT's shares. That policy has two simultaneous goals in view: in the medium term, it will be preparing the electricity distributing companies (the only exception being the CRT) for privatization in better conditions of efficiency and competitiveness, and in the short term, it will be helping the state governments get out of the financial straitjacket they are in.

When asked whether the bank was not throwing money into a bottomless pit with no guarantee that the firms would be privatized in the future, Mendonca de Barros answered with good humor: "Do you think we are fools?" He claims that even if there is no privatization, those operations for buying shares are a good deal for the bank.

The accords by the BNDES, which so far has signed "umbrella" agreements with Santa Catarina, Ceara, Mato Grosso do Sul, Bahia, Rio Grande do Sul, and now Rio de Janeiro, represent an initiative taking place simultaneously with work by the National Treasury's technical missions. Through its experts, the Treasury has thoroughly investigated the accounts of several states and signed reorganization agreements giving the latter access to financing by the Federal Savings Bank (CEF)—even for meeting their payrolls.

Roundup of Brazilian Economic Reports Through 1 Feb

PY0202170196

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 1 February.

BASIC LEADING INDICATORS

Sao Paulo Industrial Activity — A survey by the Sao Paulo Federation of Industries, FIESP, shows the level of industrial activity grew by 3.3 percent in Sao Paulo in 1995. This is below the 4 percent growth expected by FIESP experts and businessmen. A sharp 16 percent deceleration in production and a 10.6 percent decline in the real value of industrial sales in December 1995, compared to the same period of 1994, accounted for the drop in activity. The survey shows that a sharp decline in the level of industrial activities in Sao Paulo was observed as of the second quarter of 1995, and that the strongest decline occurred between July and October, when the industrial activity index level was 13.6 percent lower than the previous period. Signs of industrial recovery were not observed until the last quarter, when production and industrial sales increased by 1.5 percent compared to the previous quarter. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Feb 96 p B7)

Gold Discovered in Para — President Fernando Henrique Cardoso today announced the discovery of a gold mine in Para State, with reserves estimated at 150 tonnes. Mines and Energy Minister Raimundo Brito said the gold reserves are worth 2 billion reals, R. The mine was discovered by the Rio Doce Valley Company, CVRD, in Serra Leste, in the municipal district of Curionopolis, in a 55-km straight line from the CVRD Carajas iron ore complex. CVRD expects to start production in two or three years, which should increase gold production by 20 percent. Production in 1995 stood at 63 tonnes. (Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 1 Feb 96)

Farming Declines in Sao Paulo — Sao Paulo Agriculture Secretary Antonio Cabrera today told President Cardoso that, compared to the previous harvest, the farmed area in the 1995-96 harvest dropped by 15 percent in Sao Paulo State. Cabrera said this provoked the loss of 54,000 jobs in the agrobusiness sector. Brazilian Rural Association President Roberto Rodrigues told the president that investments can be made to create 150,000 jobs as long as the administration lifts credit restrictions and revises its interest rate and import policies. (Sao Paulo AGENCIA ESTADO in Portuguese 2237 GMT 1 Feb 96)

FINANCIAL OPERATIONS

Central Bank Lowers Interest Rate — The Central Bank, BC, has lowered the real, basic interest rate in the Brazilian economy from 2.58 percent in January to 2.31 percent in February. This is the lowest since November 1986. The basic interest rate, which takes into account only working days, reflects the cost of money in banking operations, namely the earnings paid on federal bonds on the overnight market. Market projections estimated the BC would reduce the interest rate to 2.40 percent in February. Analysts believe the nominal interest rates — which take into account the full month, not just the working days — will range from 3.6 to 3.8 percent monthly. Alfredo Neves Penteado, vice president of the ABC Roma bank, said the new rate is correct because rates were extremely high. (Sao Paulo AGENCIA ESTADO in Portuguese 2328 GMT 1 Feb 96)

Ground Station For Cellular Phones — A ground station of the Iridium personal communications system — which consists of 66 satellites — will be set up on the Guaratiba compound of Embratel, Brazilian Telecommunications System, Inc., in Rio de Janeiro State. The Rio de Janeiro Iridium station, which is expected to go into operation in 1998, will require a $100-million investment. Through this system, any individual may reach any place on earth by cellular phone. The Iridium project in South America will be implemented by a consortium consisting of Motorola, 39 percent; Iridium Andes Caribes, 39 percent; Parana Electromechanical Industry, Inepar, Iridium Brazil, 11 percent; and the Italian state-owned company STET, 10 percent. The Rio de Janeiro station will consist of three parabolic antennas that will follow the movement of the respective satellites. The station will handle between 60,000 and 120,000 simultaneous calls. (Sao Paulo AGENCIA ESTADO in Portuguese 2324 GMT 1 Feb 96)

Chile

Chile: Regional Autonomy Issues Discussed

96SM0047A Santiago EL MERCURIO in Spanish 16 Dec 95 p C4

[FBIS Translated Text] Puyehue—Presidents of both government and opposition political parties have pledged to the nation's regional officials that they will study legal reforms improving decentralization by transferring authority, giving the regions greater decisionmaking autonomy.

The proposal, to be stated in writing in a joint report in March 1996, was made during the second national congress of members of the Regional Councils (Cores), which opened yesterday in Puyehue, attended by 200 representatives of the nation's regions, including both mayors and governors.

The president of RN [National Renewal], Andres Allamand, issued the challenge to endorse an agreement to firmly support and welcome the Cores proposals. He was immediately joined in this by the leaders of the PPD [Party for Democracy], Jorge Schaulsohn; of the Radical Socialist Democratic Party, Anselmo Sule; of UDI [Independent Democratic Union], Jovino Novoa; and the vice president of Christian Democracy, Claudio Huepe. The president of the PS [Socialist Party], Camilo Escalona, did not attend.

Throughout the day, regional officials expressed their widespread feeling that they have no real authority or decisionmaking power, and that their work amounts to prioritizing the investment projects which the governor presents to them. The governor chairs the Cores and responds to the interests of the central government, acting as the representative of the president of the Republic.

They have called for a role with more oversight functions and the creation of a modern management model to optimize resources and multiply results, said the chairman of the Cores National Coordinating Committee, Juan Ignacio Ugarte.

The undersecretary for regional development, Marcelo Schilling, spoke of the increase in public investment controlled by regional authorities in 1996, an 18 percent increase, with local governments determining the use of $470 million.

He reiterated the commitment made by the chief of state that by the year 2000 the regions will control 42 percent of the investments made in the regions. Today that percentage is 23.5 percent, and it has only advanced by two points from 1994 to the present, which the government official attributed to the gradual nature of the process. He said that progress in this area will become much more evident during 1996 and 1997, with the changes in the composition of public investment, through the use of programming accords (in which both central government and regional funds will be used).

The top representatives of the coalition parties (with the absence of the PS) and of the opposition parties agreed to support the decentralization and regionalization process, and proposed specific measures to do so.

RN's president, Deputy Andres Allamand, called for a study of the reforms of the Regional Governments Organic Law—in effect since 1992—to give greater powers to the regional councils (Cores) in decisionmaking and oversight.

He urged supporting the proposals arising from the Congress and forming a working group composed of party and Cores representatives.

The president of the PPD, Deputy Jorge Schaulsohn, supporting Allamand's idea, was even more emphatic in emphasizing that there are no regional governments in Chile, but rather structures that administer certain resources. He stated that a thorough change is needed in order to define the functions of the governor, who cannot be the Core president and at the same time the head of the regional government.

Chile: Leftists Win Fenats Elections

96SM0047B Santiago EL MERCURIO in Spanish 23 Dec 95 p C7

[FBIS Translated Text] An overwhelming majority of communists and socialists will control the 15-member board of directors of Fenats [National Federation of Health Workers], based on incomplete vote counts reported yesterday from the elections held on 199 sites throughout the country.

The Fenats presidency will remain in the hands of communist Humberto Cabrera, accompanied by his party comrade, Mario Merino, and the only radical on the board, Victor Domingo Silva. Other board members elected were: Roberto Alarcon (PS [Socialist Party]), Rosa Saldivia (PC [Communist Party]), Leonor Carrizo (PS), Jaime Ureta (PC), Laura Lineo (PS), Raul Salas (PS), Claudio Munoz (PC), Francisco Guerra (PC), Roberto Zambrano (PS), Edgardo Silva (PC), and Luis Lopez (PS).

Lopez replaces Christian Democrat Juan Diaz, who until this year had been a member of the board, now composed of eight communists, six socialists, and one radical.

The final results will be announced on Friday, 29 December, after the Labor Department certifies the vote.

Minister of Health Carlos Massad, asked to comment on the elections, said that Cabrera has been "a traditional president of Fenats. I believe that people recognize in him leadership qualities which we all respect, and I am certain that we will continue working, as we have over the past two years, without any conflicts."

Reactions

The socialists, through the vice president of the CUT [United Workers Confederation], Arturo Martinez, and the secretary general of the PC, Gladys Marin, agreed that the left's victory is due to the fact that people identify Christian Democracy leaders with the policies of the government, and not being very independent of the government.

"I believe this is a strong rejection of the government's economic and social policy," said the communist leader.

Martinez said that the socialists and communists "have won a number of victories in elections of social organizations." He said: "This means that people are expressing their disagreement and voting against the sectors most closely affiliated with the government."

He added that there has been a decline in unionized labor in DC [Christian Democracy], where, he said, the leadership that had for a long time represented groups like the College of Professors, the copper miners, and other organizations, had been weakened.

Chile: Legislative Agenda for 1996 Viewed

96SM0047C Santiago EL MERCURIO in Spanish 23 Dec 95 p C6

FBIS Translated Text] Valparaiso—Despite intense work during the present year, the Chamber of Deputies will carry over an extensive legislative agenda for 1996, which will include 50 bills listed by the executive when calling the present Extraordinary Legislative Session. Of these bills, 37 are being studied by various committees and 13 others are in various stages of legislative handling.

The Chamber president, Jaime Estevez, believes that work on a number of the pending bills may be completed by the Chamber in January 1996, and there will be significant progress on others.

In his opinion, in January the Chamber should send the Senate the bill amending the Codelco [Copper Corporation] Law, which was approved in general this month and sent back to the Mining Committee to study the comments made by the opposition and those which the executive and the coalition parliamentarians will present.

Another bill which should go to the Senate is the new training and employment statute, now awaiting debate and voting on its specifics.

In the opinion of Deputy Estevez, in January major progress should be made in the banking modernization bill, the Emporchi [Port Enterprise of Chile] Law; the bill creating a new Criminal Procedures Code; and the bill amending the Municipal Law concerning city management and administration. All of them require exhaustive study, he said.

A number of other bills should also show significant progress, so that work on them can be completed by the Chamber. These include the bill amending the DL [Decree Law] 701 of 1974 on forestry promotion; the bill creating a new statute for medical and dental surgeons, pharmacists, and biochemists working in Health Service facilities, and the initiative establishing standards on matters concerning the housing tax.

There are also a number of parliamentary motions being considered by the Chamber which may be completed in January.

These motions include one intended to regulate and limit contributions to election candidates; the bill amending the General Urban Development and Construction Law and Article 24 of DL 1305, intended to improve quality in construction.

The president of the Chamber said he is satisfied with the Chamber's legislative work in 1995 while he has been president, although he believes too many bills and laws are passed with little time allowed for their thorough consideration.

"At times there is a lot of pressure to get bills passed quickly, and quick, in this case, is not synonymous with good. I would like to have more reflection in the study of laws," commented Estevez.

Among the bills awaiting debate and voting by the Chamber is a bill on adoption regulations; a bill amending the Health Code; a bill amending the Transit Law concerning obtaining drivers' licenses; and a bill penalizing polluting activities and regulating the compensation for damages caused by such activities.

Other pending legislation includes a bill requiring environmental impact studies and evaluations for certain plans, projects, and programs; the granting of legal status to sports organizations; amendments to the Commerce Code to correct corporate deficiencies; a bill regulating visitation rights for children in the custody of one parent; and a bill amending the Criminal Code in order to improve regulations on crimes and minor offenses committed by vendors dealing with the state.

Chile: 'Progress' in Financial Legislation Noted

96SM0047D Santiago LA NACION in Spanish 23 Dec 95 p 5

[Commentary by Eugenio Rivera Urrutia: "The Modernizations Under Way"]

[FBIS Translated Text] The Contreras Case and the debate on constitutional reforms and the human rights law have created a feeling that the economic-social agenda has been stagnating. In any event, that is certainly not the case in legislative matters.

In fact, bills passed this year (plus others now in process) are changing the face of the public sector and improving financing for our productive system. We will discuss the latter aspect in this article.

Laws passed in 1995 have made major advances in the economic and financial area. First we should mention the bills introducing changes in the capital market, expanding the instruments in which pension funds and insurance company resources may be invested, setting the maximum amount that may be placed in these instruments, and the improved regulation of conflicts of interest. Improving the financial market will help to boost national savings and facilitate financing for the productive sector in general.

There is also the law on financing infrastructure projects that have been awarded to private bidders. The government's strategy is to give private capital a vital role in expanding infrastructure. This will allow the state to focus its resources on infrastructure projects with priority from a social point of view. Even so, despite the importance of this legislation, the licensing mechanism has not been operating with the desired flexibility. That was partly due to a certain rigidity in the regulations governing investments of AFP [Pension Fund Managing Companies] and insurance companies. That is why these regulations were amended in 1995, along with the legislation governing the operation of investment funds and foreign capital investments.

The law creating a new treatment for the secondary debt which some banks have to the Central Bank was also passed. Even though this is not part of the modernization effort, but is simply limited to solving a serious problem inherited from the past, by defining the terms for meeting these commitments, it does create the conditions for starting to discuss the major task still pending for the capital market: banking modernization.

In addition, two important bills are now under consideration. The first, intended to improve the legal system governing public works contracts, should promote a massive influx of private capital in this sector.

The second is intended to promote banking modernization. As we know, a short time ago the government issued instructions intended to reactivate this reform, which had been tabled until the secondary debt issue was resolved. The original bill, now partly revised, expanded the concept of bank drafts, facilitated opening new branches, authorized banks to engage in new businesses, and introduced a new regulatory mechanism in harmony with the internationalization of banking and based on the evaluation of the riskiness of a bank's assets. The instructions from the executive propose authorizing banks to engage in other countries in all the business activities which they are allowed to conduct in Chile.

So Chile's national banking system will be able to make use of all its experience in activities from which it had until now been barred; at the same time, the productive sector may receive more financial support for its own international projects. Moreover, internationalizing banking activity will allow Chile to export financial services, enabling it to extend to this new field the leading role it already holds in the export of goods.

Chile: Civil-Military Relations in 1995 Viewed

96SM0048A Santiago LA NACION in Spanish
28 Dec 95 p 4

[Commentary by Claudio Fuentes, researcher for the Latin American School of Social Sciences, Flacso: "Civil-Military Balance Sheet"]

[FBIS Translated Text] The time has come to take stock of civilian-military relations in 1995. There were three landmarks this year. The first has to do with the Letelier affair, which in turn was marked by three specific developments: the ruling handed down against retired General Contreras; the events following the ruling (his transfer to the Naval Hospital, Punta Peuca), and finally the jailing of former officers. The culmination of the Letelier affair obviously marked the end of an era, inasmuch as it showed that justice could be done in cases of human rights violations. But this has not resolved a deeper problem, to wit, living together in a country divided by the past.

The second landmark was the breakup of the right over constitutional reforms, particularly in relation to the role of the Armed Forces on the National Security Council and the president's powers in this sphere. Leadership problems aside, it is internal disagreements that represent the underlying problem, that is to say, the involvement of the Armed Forces in the political system and what the various sectors understand such involvement to mean. Two agendas are taking shape on the right: one that is "tutelary," seeking to maintain the status quo indefinitely and to preserve a high level of autonomy for the Armed Forces, and another that is "reformist," amenable to making some changes in the legal framework without abandoning a basic commitment to the current one.

The third landmark, which is less specific but more symbolic, is linked to the reemergence of General Pinochet as a political figure. The hallmark of Chile's unique transition (a consensus-based compromise) is the fact that Pinochet has stayed on as Army commander; as a result, the dividing line between what is properly institutional and what is properly political has never been clear. We Chileans have learned to live with this unusual relationship between the government and the Army. Pinochet, independent of his role as chief of a branch of the military, has become the symbol of a certain model for society.

These three elements (human rights, the debate on the constitutional reforms, and Pinochet's prominent role) raise the major question of how to conclude the transition. Toward the end of the year, much of the political agenda had to do with ways of overcoming the main obstacles in the transition. The search for solutions to the problem of human rights, the tensions caused by the constitutional reforms, and the realignment of the right around exclusionary agendas are the immediate responses to the attempt to bring the transition to a close. This shows that we need to think about what sort of political system we want and about how the Armed Forces ought to participate in democratic institutions.

What is not clear yet is whether the parties have defined their ideal model of civilian-military relations. There is, to be sure, a sector that favors a given authoritarian constitutional structure with a high degree of autonomy for the Armed Forces, based on the legislation that the military government bequeathed to us. From that point on, however, it is difficult to identify the models that the parties are thinking about. Perhaps the strategy of introducing successive democratic reforms into the Constitution has prevented them from developing a model for democracy that is appropriate for Chile.

Many questions remained unanswered. For example, what should the role of the Armed Forces in a democracy be? Should it be just one specific role (defending our sovereignty) or should some thought be given to their involvement in national development? And what about the idea, which appears in the Constitution, of their being the guarantors of the institutional order?

The balance sheet for 1995 is marked more by the relationship between politics and the military than by the strengthening of a professional concept of the Armed Forces. Here too, however, there were interesting, albeit less prominent developments. As of 1994, the Frei administration set out to pursue a nonpartisan, consensus, state-based defense policy. Guidelines were established; goals were set, and a civilian-military dialogue that was new to the country was begun. This process was overtaken, however, by political developments, which placed the legal issue of human rights and constitutional reforms at the center of relations between the government and the military.

The above did not prevent certain initiatives that are worthy of mention from being taken. First of all, the Defense Ministry promoted an active policy to involve civilians in defense matters. Their lack of involvement continues to hinder good relations between civilians and the military. This development, and the military's interest in opening up channels for dialogue and debate, are creating conditions for raising the current level of discussions. We ought to be moving from mistrust to a period in which we can foresee the possibility of military involvement, at the appropriate levels, in formulating government policy, with a civilian say in defense matters.

Other milestones were the Conference of Defense Ministers of the Americas, the OAS Conference of Confidence Building Measures in Santiago, and the by now traditional meetings of Armed Forces commanders in chief of the Americas. A particularly significant development was the signing of a Memorandum of Understanding between Chile and Argentina, which will be the first step in institutionalizing a high-level mechanism for taking up security issues on an ongoing basis. In addition, during the year Congress agreed on a series of recommendations for military service, in which it incorporated several novel initiatives, such as an initial call for volunteers.

Finally, the debate on the annual budget highlighted the deterioration in military pay. In the future this issue should give rise to debate on a human-resources policy that would offer incentives for personnel to remain in the public sector.

Until 1998 at least, civilian-military relations will be defined by the debate on democratic institutions (the political role of the Armed Forces), and by the way in which the issue of human rights is resolved. In the meantime, a defense policy that addresses the central issues of defense modernization should be developed. These issues are: Chile's participation in the international system; assessment of the international and regional scene; the streamlining and optimization of military spending; education, health care, and social security in the military; the military career; civilian involvement and the role of Congress in defense matters; military service, and compensation policy in the Armed Forces.

While a high degree of consensus can be observed on specific defense issues, the same cannot be said about the role of the Armed Forces, their involvement in democratic institutions, and opinions about the past. The lack of agreement on these issues is hampering the dialogue about professional matters. Under such circumstances, it would be pointless to expect a broad-based consensus for the prompt start of a new era in civilian-military relations. The best strategy would be to work out a specific agenda that would enable us to strengthen the idea that defense matters pertain to the state, while at the same time we seek accords on the role of the Armed Forces in our current institutions.

Chile: Allamand on Party Unity, Reforms

96SM0049A Santiago LA NACION in Spanish 22 Dec 96 pp 10-11

[Interview with National Renewal (RN) President Andres Allamand by Maria Olivia Monckeberg in Santiago; date not given]

[FBIS Translated Text] As soon as the announcement was made of the agreement between the RN and the government approving the human rights bill and the constitutional reforms, the already swift pace of Andres Allamand's life quickened even further. Convinced of the need for these changes, he is staking it all on advancing their cause, while seven senators in his own party continue their revolt against the accords of the Temuco General Council. In spite of everything and the persistent presence of the "de facto" powers, Allamand says the story should be played down.

At his office on Calle Antonio Varas, the deputy who represents Las Condes, Vitacura, and Lo Barnechea keeps many books, photos, and even a rugby ball, a souvenir of the days when he was selected as a member of the national team in the sport he played from 1976 to 1983. This 39-year-old attorney, who is married and has four children, views the challenge facing the main opposition party as a reflection of crises endemic to the right. Arguing that weak parties are virtually a congenital evil of the sector, he cites it as the basic, underlying cause of the difficulties now facing the RN. He rules out any breakup of his party, but refers to what he calls the "self-exclusion" of the hardline senators.

[Monckeberg] There is very little that has not been said about the RN of late. Some predict a breakup, while others raise a voice of caution. What is actually happening?

[Allamand] I see no scenario involving either the breakup of or any split in the RN. What I do foresee is a predictable situation: When a group of congressmen absolutely fails to recognize the resolutions passed by the General Council, an extraordinarily complex picture emerges in which they exclude themselves from party institutionality. The result is the formation of a work group made up of the Senate and Chamber of Deputies committees [as published], Ignacio Perez, Sergio Romero, and the two vice presidents, Alberto Cardemil and Alberto Espina. They are trying to determine the best way to find a solution to internal problems.

[Monckeberg] What do you mean by "excluding themselves" from party institutionality? Does this mean the "hardline" senators would not proceed as members of the RN?

[Allamand] This is a situation that will have to be examined with time. Since a work group will be convening for the next two weeks, I do not want to anticipate the foreseeable or unforeseeable consequences of behaviors that will in fact mean distancing oneself from or failing to recognize the General Council accords. Under no circumstances would I wish to complicate things even further, but rather, I shall await a scenario in which they can be resolved.

[Monckeberg] How many members of Congress are affected by this situation?

[Allamand] Seven senators have expressed reservations about the proposed reforms agreed upon by the Temuco General Council.

[Monckeberg] In fact, no deputy finds himself in this situation.

[Allamand] Carlos Vilches, who heads the deputy bench, has said that all RN deputies favor voluntary observance of the General Council resolutions.

[Monckeberg] Might one then say that the RN is going through its worst crisis since the withdrawal of the UDI [Independent Democratic Union]?

[Allamand] No. The fact is that the institutionality of center-right parties has always been this weak. Their state of constant conflict is virtually congenital. It is imperative to define the potential strength of party institutions in order to bind together and lead the center-right as a political sector in society. Historically speaking, the left and the center have enjoyed successive and continuing election successes. In contrast, such successes have been extraordinarily elusive for the center-right for one basic reason: The left and center have understood the basic rule of the democratic system, which is that in order to participate in the system successfully, one must organize strong, representative, deeply rooted parties that generate respect externally and internally. The permanent logic of the right is to undervalue and insult parties, making excessive independence into a cult. In other words, "each one individually is more important than teamwork." This has been the eternal historical error of the center-right.

[Monckeberg] Can you describe the RN's relationship with the UDI?

[Allamand] We are further apart, but this situation must be downplayed. The UDI and our party will be forced to come together in all election processes. Furthermore, these difficulties pose a question about what kind of political alliance can be forged by the parties making up the center-right. However, it is clear that when election time comes around, an election alliance is absolutely indispensable.

[Monckeberg] More than once you have condemned the influence of the so-called "de facto" powers over the right. Have you noted this phenomenon on this occasion?

[Allamand] Minister Jose Joaquin Brunner attributed the statement by seven personalities connected with the military government to strikingly clear action by the so-called "de facto" powers.

[Monckeberg] Do you agree with what Minister Brunner said?

[Allamand] A word to the wise is sufficient.

[Monckeberg] Is it true that you have devoted a great deal of energy to trying to convince businessmen of the benefits of constitutional reforms?

[Allamand] Absolutely. I have had countless meetings with business leaders to explain, not only the content, but the overriding need of moving reforms forward, and for many reasons. Constitutional reform is necessary because this country has to end its process of transition and be able to focus all its energy on facing the issues of the future rather than remaining mired in those of the past. This presumes the creation of a different political scenario in which the heart of the debate ceases to be political-constitutional matters and shifts to socioeconomic issues. A change in the agenda is urgently needed, but such a change will not take place until we close the chapter of constitutional reforms and human rights problems.

[Monckeberg] In what other dimension do you think reforms are needed?

[Allamand] Some changes are related to the real stability and smooth operation of the democratic system. According to the polls, 70 percent of the people favor far-reaching constitutional reform. To endeavor to bar the way to these reforms and suggest that institutional stability is threatened because a minority is becoming entrenched and maintaining an intransigent position is the conceptual antithesis of what institutional stability is in a democracy. Under authoritarianism, institutional stability depends on strength, but in a democracy, it depends on the degree of consensus and agreement generated by the main institutions of the political system. In other words, on the one hand, there is a need for change in the agenda and, on the other, for real stability and a smooth operation of the democratic system. Third, even though this may seem absurd, there are certain institutions which, if the status quo is maintained, will act as a "boomerang" and precisely for the center-right itself.

[Monckeberg] Are you referring to the senators named?

[Allamand] I am referring to the institutional senators and the system of appointing the Constitutional Court. On 11 March 1997, four members of that court will be different. They are replacing Ricardo Garcia and Luz Bulnes, appointed by the National Security Council under the military government.

[Monckeberg] Do you then maintain that the reform would be suitable for the right, insofar as very soon the power shares they have heretofore held will be lost?

[Allamand] Politicians must become used to telling people very precise things. The institutional senators played a positive role in this phase and objectively allied themselves with the opposition on important decisions. The new institutional senators will be appointed by different persons and in a political context that is completely different from the one that previously existed. The institutional senators will then generate an unstoppable political majority favorable to the Coalition [of Parties for Democracy].

[Monckeberg] How have businessmen reacted?

[Allamand] These meetings have been very useful in exposing that sector's lack of information with respect to the specific content of reforms. Progress is made once we break down the wall of disinformation and get past a certain a priori negative reaction. A priori, this idea amounts to maintaining a premise such as "the 1980 Constitution was drafted by the military government, and the Coalition has always tried to abolish it, meaning that changing the Constitution helps the Coalition." Such simplistic reasoning collapses when one delves into the details of the different institutions being modified.

[Monckeberg] Then have your arguments been well received?

[Allamand] Businessmen are noted for their enormous analytical ability, and every time they apply reasoning to these issues, the reception is very good. With good reason, the polls say that 65 percent of the right favors reform.

[Monckeberg] What is happening with Sergio Onofre Jarpa, who was among those who set off the crisis in September with his visit to the UDI?

[Allamand] Nothing.

[Monckeberg] How are your relations with him at present?

[Allamand] Nonexistent.

[Monckeberg] Has he fallen prey to party revolt?

[Allamand] Such an interpretation is possible.

[Monckeberg] Do you not dare to take him to the Supreme Court?

[Allamand] That possibility is still open to any member, but under the current circumstances, it would amount to serving the ball into the wrong court. Rather than focus on the merit of constitutional reforms, the public's attention would concentrate on the fact that so respected a figure as Sergio Onofre Jarpa has been called before a disciplinary body of the party because of his own conduct.

[Monckeberg] So there is no risk of a break in the RN?

[Allamand] No. The worst scenario would be one of self-exclusion.

[Monckeberg] It would appear that in recent weeks, the reforms and the human rights bill have both lost steam.

[Allamand] This is nothing new. The blame is constantly shifted. Every week someone predicts the final collapse of the human rights proposals and of constitutional reforms.

[Monckeberg] But the human rights proposal is being supported by the RN and the majority of the DC [Christian Democratic] and PPD [Party for Democracy] congressmen.

[Allamand] That is enough.

[Monckeberg] The reforms require a special quorum and their passage is not certain.

[Allamand] From the very first day, their passage appeared difficult. We now have a picture with a locked-in position of the institutional senators, UDI and one sector of the RN. The PS has rejected them and the situation is therefore complex. However, for that very reason, I believe the situation will be resolved.

[Monckeberg] But if the amendments are not passed, the most likely scenario would be for the PPD and DC to vote for the human rights bill.

[Allamand] That would be hypothetical. However, if the reforms are rejected this time, it means only that they will be postponed, because they will be reintroduced the following year and as many times as it takes to ensure their final passage.

[Monckeberg] Has this entire debate on reforms and draft bills served to stake out positions within the right and the Coalition or only stirred things up?

[Allamand] It has stirred things up, but amidst all the confusion, clear definitions have been achieved and very significant steps taken. Today there is not a single person who does not understand that if this country wants to take a clear-eyed look at the future, lift its head, and make the most of our opportunity, we have something left to resolve in terms of human rights and pending constitutional issues.

[Monckeberg] Could there not emerge a redrawing of the political map with the RN-UDI alliance ceasing to exist and a weakening of the inter-Coalition alliances?

[Allamand] Within the Coalition, there is clearly a DC pole and a leftist pole that do not have the same sensitivities, the same programs, or the same presidential candidacies in mind. Within the left itself, this week has witnessed virulent conflicts between Shaulsohn and Escalona. Two lines have emerged that clearly lean toward the other sector. We represent a more progressive right committed to a specific concept of democracy, while another rightist faction clings to certain institutional aims stemming from the military government. However, they will all move toward election alliances. I do not believe there will be any reworking of the policy of alliances in the near future.

Chile: Correction to Comment on Minister's Chances

PY3001175596

The following correction pertains to the item headlined "Chilean Commentary on Minister's Presidential Chances," published in the 31 January Latin America DAILY REPORT, pages 49-51:

Page 51, column two, fourth full paragraph, sentence two, please make read: ...support. Although the Communist Party may grow during the upcoming municipal elections, his leadership in the... (changing "PS" to "Communist Party" and "its" to "his")

Colombia

Colombian Accusations Committee Postpones Session

PA0602015296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2300 GMT 5 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] The session and the decisions the Accusations Committee was going to make today have been postponed until 1000 hours on 6 February. Gilberto Alvarado has some news about it:

[Alvarado] The first resignation by a member of the Accusations Committee of the Chamber of Representatives has just taken place. Liberal Party leader Marta Catalina Daniels, from Cundinamarca Department, has resigned. According to what Liberal Party Representative Francisco Canossa confirmed to the RCN Radio Events newscast, the committee has been deliberating since 1500 hours this afternoon, and it has just suspended its session due to technical failures in the equipment used to watch the video on the interview granted by former Minister Fernando Botero.

[Begin recording] [Alvarado] [Words indistinct] all day long?

[Canossa] Today we met to try to analyze the evidence. One such piece of evidence was the video on Botero's statements; however, we were unable to analyze it. Nonetheless, we discussed several issues regarding the committee's structure. An informal resignation was tendered [words indistinct] due to threats against her family. This resignation will be included in the agenda for the plenary session the Chamber of Representatives will hold on 7 February. This Chamber is the one that can accept it.

[Alvarado] [Words indistinct]

[Canossa] Tomorrow at 1000 hours, we will continue to analyze all the issues [words indistinct] to [word indistinct] investigations. [end recording]

Colombian Court: Laws on Senior Officials 'Invalid'

PA0602032896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2300 GMT 5 Feb 96

[Report by Reinel Beleno at the Constitutional Court; from the "RCN Radio Events" newscast]

[FBIS Translated Text] The Constitutional Court has just made a number of decisions. It has declared 27 articles of the Statutory Law on the Administration of Justice invalid [inexequible]. One of the most relevant decisions of this high court specifically deals with the investigation of officials who have privilege [fuero]. The Constitutional Court stated that once the Chamber of Representatives accuses before the Senate such high-ranking officials as the president of the Republic, the prosecutor general of the nation, or the justices of the high courts, these officials are immediately suspended from their positions. Jose Gregorio Hernandez Galindo, president of the Constitutional Court, explained the measure:

[Begin Hernandez recording] There is a privilege for the president of the Republic, the justices of the Supreme Court, the Constitutional Court, the Council of State, and the High Council of the Judiciary, and the prosecutor general of the nation. So as not to extend myself on the topic, I can simply tell you that they can only be judged by the Senate for indignity, misconduct, or crime in the exercise of their functions after accusation by the Chamber of Representatives. If there are grounds for proceeding with the case, the pertinent action, after the Senate trial, will be undertaken by the criminal appeals chamber of the Supreme Court of Justice. The Constitutional Court has found that the provisions of the Statutory Law on the topic are valid, but it has made clear that the Accusations Committee cannot issue inhibitory decisions that seek to accede or reach the status. [sentence as heard] [end recording]

Colombian Court Rules Media Can Make Evidence Public

PA0602120596 Paris AFP in Spanish 2046 GMT 5 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Feb (AFP) — Colombia's Constitutional Court [CC] today ruled that the media can publish procedural evidence without violating the secrecy of the summary proceedings, which, according to the recently unveiled anticorruption statute, pertains only to judicial officials.

Articles 33 and 78 of this statute, which refer to this issue, were temporarily declared constitutional; that is, the obligation of secrecy of the summary proceedings pertains only and exclusively to the official.

This is how the CC resolved [zanjo] several suits filed, which in practice intended to establish a kind of censorship on the media, especially given the current circumstances in which the presence of drug trafficking money in domestic politics is being investigated.

As CC President Jose Gregorio Hernandez explained the ruling to journalists, he said: "I repeat that these restrictions are aimed at officials, not at the media. According to Article 20 of the Constitution, the media can make public the procedural evidence according to freedom of information that corresponds to it."

The magistrate affirmed that as the reporter or the media proceeds in this fashion, he or it is "not necessarily violating the secrecy," because he or it could get the information from the individual who is being investigated or through other means.

Hernandez pointed out that "in the specific case of information leaks, the investigating official, at whom the anticorruption statute is aimed, would be somewhat responsible."

Colombian Court Rules Prosecutor To Keep Position

PA0402040296 Santa Fe de Bogota EL TIEMPO in Spanish 31 Jan 96

[Report by John Gutierrez; received via Internet]

[FBIS Translated Text] After more than seven hours of debates last night, the Constitutional Court put an end to the heated discussion on the term of the prosecutor general. The prosecutor general, the Constitutional Court ruled, will keep his position, in an individual manner, for four years.

In practice, the court's ruling definitively confirms that the term of Prosecutor General Alfonso Valdivieso Sarmiento will conclude in 1998, as decided by the Council of State. Thus, Valdivieso will complete an individual term of four years, as stipulated by the Constitution, and will not be limited to completing the term of his predecessor, Gustavo de Greiff. De Greiff retired when he turned 65.

EL TIEMPO has established that this decision is one of the first ones adopted by the court plenum as it began to formally review the bill on the Justice Statutory Law and to define the profile of the Colombian judicial system, as stipulated in the 1991 Constitution.

The court declared invalid a paragraph of Article 29 of the bill that stipulated: "Should the prosecutor general leave his post before concluding his term, whoever is appointed to replace him shall complete the term."

According to the court, "the Prosecutor General shall be elected for a period of four years by the Supreme Court of Justice from a slate submitted by the president of the Republic and shall not be reelected."

Questioned about the topic, Constitutional Court President Jose Gregorio Hernandez Galindo warned last night the decision will be officially disclosed as a whole and not partially once the discussion is over; thus, he refused to disclose any details. The debate might continue until next Friday.

Regarding the Prosecutor General's Office, the court clarified that the prosecutor general cannot entrust under his responsibility the delegate prosecutors to the Supreme Court with the special duties to investigate and accuse, if the case arises, high-ranking officials who have constitutional immunity, except for those stipulated by the Constitution.

According to him, these duties are expressly vested in the prosecutor general by the Constitution.

Without any major objection, the court endorsed the access to justice, the right to a defense, the celerity, autonomy, and independence of the judicial branch, as well as its gratuitous nature, efficiency, alternativeness, respect for human rights and punishments as the main tenets of the administration of justice.

In addition, the plenum supported the makeup and scope of the judicial branch, which is established by the bill and includes the Supreme Court of Justice, the Higher Courts, and the regular courts.

Regarding jurisdiction for administrative disputes, the court endorsed the creation of administrative courts, headed by the State Council and Administrative Tribunals.

The same will be applied to jurisdiction for justices of the peace, the Prosecutor General's Office, and the high council of the judiciary.

In addition, the court defined constitutional jurisdiction, which will be solely under the Constitutional Court.

In that regard, noting that it contradicts the Constitution, the Court excluded "other bodies or courts that under special circumstances carry out constitutional judicial control functions in cases previewed by the Constitution and laws."

The court also endorsed a ruling according to which the Supreme Court of Justice, the Constitutional Court, the State Council, and the High Council of the judiciary have authority over the entire national territory.

By the same token, the higher courts, administrative tribunals, and regional councils of the judiciary have authority over their corresponding judicial or administrative district.

Likewise, circuit judges have authority over their respective circuits and municipal judges over their municipal jurisdiction.

Colombian Prosecutor To Charge Samper With Enrichment

PA0602010496 Mexico City NOTIMEX in Spanish 1449 GMT 5 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Feb (NOTIMEX) — The Office of the Prosecutor General of the Republic this week will present penal charges against President Ernesto Samper for alleged illegal enrichment from drug trafficking, it was reported here today.

According to television's "AM/PM Newscast," the report will be handed to the Accusations and Investigations Committee of the Chamber of Representatives (deputies), which is the first constitutional step in a legal case against the president, who is accused of having Cali cartel links.

Samper will be investigated because he allegedly allowed the entry of large sums of money from the drug trafficking mafia to finance the political campaign that led him to power in 1994 and for making certain deals with the mafia.

According to the source, this week a document will be drafted legally charging the president. The source said that the only thing holding it up is the questioning of former Defense Minister Fernando Botero Zea, jailed for the so-called "narcoscandal."

Botero Zea, Samper's political campaign manager who was arrested on 13 August, confessed two weeks ago that the president "did know" about the entry of illegal money to finance his electoral efforts and added "he also made some deals with the mafia."

It has been learned that the charges will be accompanied by evidence collected by the Prosecutor General's Office, following more than a year of investigations that have seriously involved the president, who has insistently claimed his innocence and has said that if there was illegal money, it was done behind his back.

A group of "faceless prosecutors" (they hide their identity for security reasons) is evaluating the depositions taken from Botero Zea and former campaign treasurer Santiago Medina, who made the first accusations against the president after he was arrested in July 1995.

Medina said that when Samper was a candidate, he was ordered to receive large sums of money from the Cali cartel, which was transported in small airplanes and arrived at his home packed in gift-wrapped cardboard cartons.

This version was confirmed by Senator Maria Izquierdo, who is also in jail and who said that she received the equivalent of $30,000 for presidential campaign expenses at Samper's political fortress in the Andean Boyaca Department.

The Prosecutor General's Office will also decide in a few days if the penal cases should include Interior Minister Horacio Serpa and Foreign Relations Minister Rodrigo Pardo, who are mentioned by Medina as alleged accomplices in illegal campaign contributions.

A special congressional commission will begin collecting evidence against the president on Tuesday but will most probably receive a voluminous case file from the Prosecutor General's Office, which will expedite the investigation of the president.

Other judicial entities, such as the Supreme Court, are investigating 14 congressmen, Attorney General Orlando Vasquez, Comptroller General David Turbay, and other personalities linked to the worst corruption scandal in Colombia in recent memory.

Colombia's Samper: No Proof of Drug Money in Campaign

*PA0502193196 Madrid EFE in Spanish
1636 GMT 5 Feb 96*

[FBIS Translated Text] Santa Fe de Bogota, 5 Feb (EFE) — Colombian President Ernesto Samper has said that no one has been able to prove the "official entry of drug-trafficking money in his 1994 electoral campaign, and warned that he will not believe it until it is proven.

"To me, the fact that Pallomari (Guillermo, former comptroller of the Cali cartel who is now under U.S. protection) issued those funds is no evidence; it is necessary to prove that those funds were really infiltrated in my campaign," Samper said in a statement for the SEMANA magazine.

Samper said he has always said he is interested in knowing if there was "narcomoney" in his campaign, who received it, who would benefit from it, how it was handled, under what accounts, and what personal commitments were made.

"I am not guilty," Samper stressed, adding that "I have never had any pact with any cartel and never had any knowledge of drug-trafficking funds entering my campaign."

A presidential candidate does not handle accounting records nor requests or receives funds [reposiciones] (money invested in his campaign and given by the State) Samper noted, reiterating that he is willing to assume the corresponding political responsibilities.

"If I am found guilty of a crime, I will have to leave the Presidency," Samper admitted. He clarified, however, that "if I am declared innocent, I am determined to relegitimize my political mandate."

In addition to calling Congress to special sessions to reopen the political case against him and judge him, Samper also plans to hold a popular consultation to determine whether or not he should remain in the Presidency.

Fernando Botero Zea, former defense minister and former campaign manager, has accused the Colombian president, who seven months ago began confronting a serious political crisis that resulted in the "narcoscandal," of not only being aware of the illegal campaign financing but of having directed and implemented said campaign.

"Do you believe that if these moneys had been received knowingly or through an accord or with my simple knowledge, I would have dared to persecute and arrest Cali cartel bosses? Or does it occur to you that they infiltrated the campaign in exchange for us taking them prisoners?," Samper wondered in his interview with "SEMANA."

"It would be a very masochistic view of the problem," concluded the president, who, on the other hand, stated that the events show that his government's decision to persecute the Cali cartel bosses was not adopted by U.S. pressure.

According to Samper, former Minister Botero Zea did not receive government offers after being arrested in the middle of last August, two weeks after he was forced to resign his post, government offers allegedly intended to "purchase his silence."

"For one single reason: in spite of certain strange attitudes, we were always convinced of his innocence and that anything he would say would help demonstrate this," the president explained in the interview with "SEMANA."

The president affirmed that he is withstanding the international discredit to which his name has been exposed "as one of the costs I must pay while I am able to demonstrate to the world we are not a narcodemocracy."

In this context, Samper ruled out that the scandal and his persistence to remain in the post would harm the economy of his country and its international relations, particularly with the United States, which will decide in March if it renovates Colombia's certification as a cooperating country in the drug struggle.

"I don't see the president of the United States or the very U.S. Congress striking the best ally they have had these years in the drug struggle," Samper declared to the magazine.

Argentine Daily Interviews Colombia's Samper on Drug Ties

PY0602014996 Buenos Aires CLARIN in Spanish 4 Feb 96 p 28, 29

["Exclusive" interview with Colombian President Ernesto Samper by special correspondent Pablo Biffi in Barranquilla; date not given]

[FBIS Translated Text] [Biffi] After remaining silent for several months, former Minister Fernando Botero has stated that you had ties with the Cali cartel. Why did Botero change his mind?

[Samper] That is what I am still asking myself. In several statements and court procedures Botero was emphatic in affirming my total independence in the management of the campaign and everything was above board. I suppose he changed his original testimony because he was seeking some benefit from the court such as the reduction of the sentence or confinement in his home.

[Biffi] You acknowledged that money from drug trafficking could have been used in your campaign. How is it possible to believe that you knew nothing about it?

[Samper] Well, that is precisely what this whole discussion is about. From the beginning of the campaign I implemented ethical controls and named a comptroller of ethics in order to prevent the infiltration of money from the Cali cartel. I was aware that in a country like Colombia and with the power to corrupt that drug trafficking has, that such a situation was very possible. It seems, and from what the first pieces of evidence demonstrate, that the controls were overrun and we are obviously awaiting the results of the investigation to establish to what extent they were overrun, through whom and how.

[Biffi] You deny responsibility in the infiltration of "hot money." Then your former election treasurer, Santiago Medina, and Botero are the responsible persons?

[Samper] I am not the person to point out who was responsible because it is the authorities' job to do this; that is why they have received my support and all the necessary cooperation from state organizations so that the truth will be made known.

[Biffi] If there is proof that mafia money was used, would you be politically responsible?

[Samper] If I am politically responsible then I will assume that responsibility as I said I would in the speech I gave on this topic when opening the extraordinary sessions of Congress this week.

[Biffi] Would this imply your resignation?

[Samper] Not necessarily. I believe that the process is developing in such a way that it could lead to a political solution, something that I have offered the country through the call for a popular consultation to confirm my mandate.

[Biffi] Will this political crisis be resolved with your resignation?

[Samper] My resignation is not an alternative, because if I consider myself innocent regarding these events my resignation would be a political consequence that is fully contrary to the truth. In addition, a distinction must be made between political and judicial solutions because this case must end with a trial in which both personal responsibility and political legitimacy are tried.

[Biffi] You have repeated on more than one occasion that there was something shady behind the crisis and that the Colombians at some time or another must learn about. What were you referring to?

[Samper] I believe that the discussion cannot be limited to whether drug money was used in my campaign. It also has to be established whether my campaign directors made a commitment to the drug traffickers, and I can officially assure you that there was no commitment. In addition, what we have here is a debate on a hidden agenda which still has to be cleared up.

[Biffi] Fernando Londono, Botero's lawyer, has stated that you have had ties with the Cali cartel since 1984 and that this is just one piece of evidence to prove that you were responsible.

[Samper] That is a monstrosity that they have thought up to try to demonstrate that I have had some type of ties with drug trafficking. The country as a whole knows me, my life is transparent, an open book, and I have personally and commercially not had any dealings with anyone linked to drug trafficking.

[Biffi] Moreover, the lawyer stresses that in 1984 you were named director of the Workers Bank, property of the Rodriguez Orejuela brothers.

[Samper] That is absolutely false because it has already been demonstrated before the Accusations Committee of Congress that I submitted a letter in which I flatly refused to accept that post.

[Biffi] What roles are the United States and former President Cesar Gaviria playing in this crisis?

[Samper] The United States has maintained a relatively neutral position, and I have no data to believe the contrary. Regarding former President Gaviria I can say the same, although I should not be the one to comment on his political actions.

Relatives of Slain Colombian Witness Flown to U.S.

PA0502175196 Madrid EFE in Spanish 1948 GMT 4 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 4 Feb (EFE) — The Prosecutor General's Office of Colombia today sent to the United States two of the three children, the mother-in-law, and a sister-in-law of "narcoscandal" witness Elizabeth Montoya de Sarria, who was murdered on Thursday in Santa Fe de Bogota, media sources reported today in the Colombian capital.

The transfer of the relatives and family members of the woman to the United States was ordered two days after the Prosecutor General's Office accepted them in their witness protection program at the request of Jesus Amado Sarria, the woman's husband.

A former police sergeant imprisoned since last December under drug-trafficking charges, Sarria asked from the Prosecutor General's Office protection for his mother, a sister, and the children of the couple, whose identities were not provided.

In addition, the former police officer had asked the Prosecutor General's Office to transfer his children to the United States because they were born in U.S. territory.

Sarria is under severe security measures in the prison where he is confined, the El Barne Prison in the outskirts of the northeastern city of Tunja, from where he accused government officials as likely responsible for his wife's murder. President Ernesto Samper himself rejected this accusation "with indignation." He spoke with the woman over the telephone in a conversation that was intercepted and related to his electoral campaign.

The former sergeant, who had promised cooperation to the Attorney General's Office about his wife and several firms' connection with the Samper electoral campaign, also warned — in statements to media sources — that he will only testify abroad, given the risk he and his relatives are running.

The wife of the former police officer was shot last Thursday afternoon inside an apartment in the northern part of the Colombian capital.

A person who accompanied the woman identified as Humberto Vargas Rojas, who was apparently her bodyguard, was also killed in the same plot.

The identity of the victims was only established 24 hours after the crime.

Mrs. Sarria became publicly known in Colombia last August, when some telephone conversations she held with President Samper and formed campaign treasurer Santiago Medina involving the "narcoscandal" were disclosed.

The body of the woman was just withdrawn this morning from the morgue of the Coroner's Office by relatives authorities did not identify.

Colombian Group Discloses Names of Faceless Prosecutors

PA0402233496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 3 Feb 96

[From the "CM& Newscast" — no video available]

[FBIS Translated Text] A deposit of 128 million pesos made to the savings account of a Cali regional prosecutor by unidentified persons prompted the authorities to uncover a new Cali Cartel strategy to sabogate the main investigations against it. At the same time, a letter by the self-styled One Hundred Percent Natives [Cien Por Ciento Nacionales] was disclosed. The letter identified three faceless prosecutors and makes death threats against them. These prosecutors are part of a commission handling Case 8,000.

[Begin unidentified official recording] This is highly worrisome, since the identity of the officials is revealed. One of three best ways to protect them is to keep their anonymity. [end recording]

These incidents prompted a total overhaul in the prosecutors' safety measures and an immediate investigation to identify those responsible.

Colombian Congressmen, Business Leader Deny Drug Ties

PA0402170996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 3 Feb 96

[From the "CM& Newscast" — no video available]

[FBIS Translated Text] Members Congress Marta Catalina Daniels and Roberto Moya and Sabas Pretelt de la Vega, president of the National Federation of Businessmen [Fenalco], have described as vile the charges Senator Maria Izquierdo leveled against them.

[Begin recording] [Unidentified reporter] With documents in hand Accusations Committee member Roberto Moya affirmed his campaign was the one with the least resources, and that even he paid for his campaign with the proceeds from a car raffle. He did not rule out that some may try to oust him from the Committee.

[Moya] I think so, I think so, [repeats himself] because, oddly enough, we learned of a report in the afternoon that two Liberals will step down from the Commission. In the evening, we learned that two Liberals are implicated in the allegedly accusations that are slanderous.

[Reporter] Marta Catalina Daniels also described the charges as slanderous. The lawmaker, who is also a member of the Accusations Committee, handed the news media statements by the Supreme Court, National Electoral Council, and the Office of the Prosecutor General, certifying that she is not under investigation.

[Reporter] Fenalco President Pretelt confirmed that a company belonging to his family did conduct a commercial transaction with Droga La Rebaja drugstore, owned by the Rodriguez Orejuela brothers (leaders of the Cali cartel), but this happened eight years ago when he was not the company's legal representative and when Droga La Rebaja was accepted everywhere. He affirmed that the senator accused him because of his recent criticism on the Congress. [end recording]

Colombian Ex-Comptroller's Lawyer Rejects Charges

PA0302040896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Feb 96

[Report by anchors Jorge Alfredo Vargas and Maria Cristina Uribe and journalist Yolima Celis in Santa Fe de Bogota from the "Seven O'Clock Newcast" — passages within quotation marks recorded]

[FBIS Translated Text] [Vargas] Former Comptroller General Manuel Francisco Becerra Barney continues to account for his actions before justice authorities for the alleged crime of illegal enrichment and acting as a front man. Even though Becerra Barney today testified before the faceless prosecutors in charge of his case, his lawyer Alvaro Ceron angrily left the facilities because he was not allowed to see the file.

[Ceron] "I left angrily because they are violating Dr. Manuel Francisco Becerra's rights. They will not let me see the file, and I cannot see what the charges against him are. I will not submit a statement until I see the file. If necesary, I will relinquish the power of attorney."

[Uribe] Meanwhile, former Comptroller General Manuel Francisco Berrera's attorney revealed today that Guillermo Pallomari's charges against his client are due to an old grudge.

[Celis] According to Alvaro Ceron, former Comptroller General Manuel Francisco Becerra's defense lawyer, Pallomari accused the former comptroller general as a way of seeking revenge because the Cali Cartel accountant's wife asked Becerra to be her partner in the creation of a university in Valle del Cauca Department, a job for which Becerra considered himself disqualified because he had just left the post of education minister.

[Ceron] "Of course, Dr. Becerra did not know Pallomari and, of course, he did not know Pallomari's wife. Dr. Becerra angrily told her to leave his mother's house in Cali, and she promised she would avenge herself. We have proof of this."

[Celis] Even though the lawyer insisted the former comptroller was not Pallomari's friend, he did recognize that Becerra knew the Rodriguez Orejuela brothers.

[Ceron] "He has already said he knew them. He and Miguel Rodriguez were members of the America soccer team directorate at the same time. He obviously knew them. However, as Dr. Tiberio Quintero Villareal said, knowing someone is not a crime."

[Celis] Dr. Ceron insisted that Becerra should be investigated by delegate court prosecutors, because the crimes attributed to his client were perpetrated when Becerra was comptroller general.

Colombian Police Report: Cali Figure Phoned Senators

PA0302024196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 2 Feb 96

[From the "QAP News" newscast]

[FBIS Translated Text] A new list of telephone calls placed by alleged Cali cartel front man Julian Murcillo to congressmen was revealed today.

According to a report drafted by the Cartagena judicial police unit and addressed to Hernan Jimenez, national director of the Technical Investigations Corps of the Prosecutor General's Office, Julian Murcillo, one month before his capture, called from his cellular telephone, number 93-33-35-320, senators and representatives, including several members of the Accusations Committee. Names on the list include Representatives Jesus Ignacio Garcia, Marta Catalina Daniels, and Humberto Mantilla Serrano. We verified these numbers belong to them and called them. But only Representative Marta Catalina Daniels replied, and she denied ever receiving calls from Julian Murcillo.

[Begin recording] [Daniel] Never, never, I absolutely never had heard of this man until the problems the country knows about came to light.

[Unidentified reporter] You never received his call, then?

[Daniels] I have never received any calls from him. [end recording]

Also listed are telephone numbers belonging to Senators Gustavo Espinoza, Francisco Jose Harding, Maria Izquierdo, and Representative Jose Dario Salazar.

According to this report, the numbers listed had conversations with Mr. Julian Murcillo, who is in prison charged with being a front man for the Cali cartel.

Colombian Bank Accounts of Cali Figure Frozen

PA0402125496 Madrid EFE in Spanish 0445 GMT 1 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 31 Jan (EFE) — Approximately 50 bank accounts of alleged drug trafficker Helmer Herrera, alias Pacho, one of the two fugitive Cali cartel bosses, were frozen today by the Colombian authorities following a raid against business of the fugitive in the country's midwest region.

Approximately 20 business establishments related to Herrera in the so-called coffee axis of Colombia led to the finding of Herrera's bank accounts and to the intervention.

The operations took place in the departments of Caldas, Risaralda, and Tolima, according to Santa Fe de Bogota police authorities.

Among the establishments raided by elite police forces, 11 are dedicated to the beef industry, which according to the police served Pacho Herrera to launder drug-trafficking money.

Until 11 January, when Jose Santacruz Londono escaped from prison, Herrera was the only member of the seven-men Cali cartel leadership who remained a fugitive from justice.

Santacruz, the cartel's third-ranking man, fled a high-security facility in Santa Fe de Bogota's La Picota Prison, where he was a prisoner, by cracking arrival and departure procedures for justices who must interrogate the alleged drug lords at their place of imprisonment.

Colombian Stock Market 'Boom' Continuing Despite Crisis

PA0402015696 Santa Fe de Bogota EL TIEMPO in Spanish 2 Feb 96

[Received via Internet]

[FBIS Translated Text] The boom in the stock market continues although short-term economic conditions are unfavorable for the securities market. Stock prices have been rising for three consecutive days, while the political crisis seems to continue, interest rates keep going sky high, and the economy slows down. Analysts are unable to explain this phenomenon.

No one would have wagered on the stock market last week while the political crisis was in its most critical phase, and the possibilities for economic stability were uncertain. The market's response was clear: Stock prices were going downward in an almost stagnant market.

Things began to change on 30 January as if by magic. Since then, the stock index of the Santa Fe de Bogota

Stock Market [indice de acciones de la Bolsa de Santa Fe de Bogota — IBB] has risen by 7.7 percent in a market that had been trading shares worth between 4 billion and 6 billion pesos, figures which had not been seen for a long time.

The analysts whom EL TIEMPO has consulted have given two basic reasons: First, some foreign investors have returned to the market lured by low priced securities. Second, some (foreigners and nationals) attempt to speculate to make a profit of either a 7 or 10 percent rate for a few days and then leave.

Maria Torres, an economist at the Technical Division of Associated Stock Brokers [Corredores Asociados], has said: "There are no logical reasons, however, from an economic standpoint to explain a boom in this market."

In fact, every factor that usually has an effect on the stocks are against this market.

Interest rates, which push stocks up when they are low and bring stocks down when they are high, seem to be inactive.

At present, an investor may obtain a 32 percent effective yield on a 90 day investment; this represents an effective interest rate of at least 12 percent if 20 percent inflation is taken into account. This yield is extremely high if we take into consideration that an investment with a fixed return has a low risk; therefore, it is usually necessary for interest rates to collapse to force the stock market to react.

The Funds

The most convincing explanation is that this mini-boom in the stock market appears to be directly linked to the funds resulting from foreign investment.

Despite this crisis, investors believe Colombia has a strong economy with good possibilities.

A market broker has said: "I believe some individuals have rushed to already obtain the profits the market would have generated after this crisis was over. These individuals are observing that this crisis is coming to an end."

Foreign funds represented 24 percent of all stock operations in 1995. This ratio is enough to affect this market.

The market situation is very clear: Stocks are still low priced. These stocks were the cheapest in Latin America as of last week.

It is feared that such a fast increase over the past few days might be the result of temporary speculation. If this were the case, these short-term investors will very soon start selling to obtain profits, and this market will then resume its downward trend.

Colombia: EL TIEMPO Praises President's Speech

96SM0081A Santa Fe de Bogota EL TIEMPO in Spanish 1 Feb 96

[Editorial: "Excellent Speech"; received via Internet]

[FBIS Translated Text] President Samper has delivered many speeches throughout his public life, either as a candidate or now, as chief executive. Many of them are unknown to Colombians, while others have been widely disseminated or aired on television. The speech heard by the honorable members of Congress during the establishment of the extra sessions to which they were summoned is perhaps one of his best. His tone, his dignified manner, the proposals made, and the way in which he submitted to the future political and judicial judgment left a very pleasing impression among Colombians who are his friends and, we believe, among many who are not so friendly toward him. However, there should be no doubt that the president's remarks will influence public opinion.

There were times when the emotion overcoming him could be clearly sensed. But there was never any disarray in the order in which he expressed his ideas, much less when he explained how his actions concerning the receipt of money from hands contaminated by the drug traffic should be judged.

The president's defense is a page that we recommend reading dispassionately, impartially, neither pro or con, because it will enable Colombians to clear up many doubts, and mainly because, we hope, it will help to reduce the tension that has been prevailing during the present crisis. Perhaps the most important aspect is the manner in which he is preparing, quite properly, to receive the political and judicial judgment and, if necessary, the decision from the people's referendum.

He made a statement about the latter that must satisfy all those who fear that this battle could result in a social confrontation and, possibly, in something resembling a clash among the classes. On this subject, he remarked: "Colombians can be certain that I shall never call upon the people who have been accompanying me with their solidarity, their prayers, and their support to venture along the reckless path of confrontation." He thereby clearly establishes the fact that, as head of state, he will oppose any situation that would represent, or possibly result in, a confrontation among classes of people.

Commenting at length on the speech would entail writing pages and pages of copy to underscore, not only the ideas with a political content, but also those relating to his public life, the confrontation that the country is engaged in abroad, and even the unknown details of this battle that has polarized public opinion so much. The tone was primarily one of energy with confidence, dignity with integrity, and frankness, which can and should satisfy all those who may harbor doubts regarding the presidential issue.

In brief, the speech given by the head of state was clear; it had emotional moments, and it touched upon the points that the country was waiting to hear discussed. And he made it known that he, too, is concerned about our emerging from this uncertain period as soon as possible.

For we believe that public opinion has now changed slightly, that the public is aware that it is best to allow a waiting period for passage through the normal channels of the Constitution, to which we must all adhere, so that we may arrive not only at the truth, but also at a general understanding, and so that the nation's normal life may continue its progress.

Colombia: 'Change in Tone' Noted in Samper Speech

96SM0081B Santa Fe de Bogota EL TIEMPO in Spanish 1 Feb 96

[Commentary by Enrique Santos Calderon: "It's the Prosecutor General's Turn To Speak"; received via Internet]

[FBIS Translated Text] There are two ways of interpreting President Samper's speech on the occasion of the establishment of extra sessions of Congress on Tuesday.

One is that it was a reiterative and cleverly sensational address, demonstrating that Samper is counting on gaining time and obtaining a pardon from the Congress, so as later to set up a popular referendum that would endorse his mandate, allowing it to continue until it ends. In other words, he would remain in the same situation.

The other interpretation is that there were significant changes in tone and attitude because, for the first time, he declares that the ethical controls in his campaign failed, that it was "contaminated," and that this fact impairs the credibility of his political mandate. He does not repeat the emphatic statement that he will never resign (rather, he hints, albeit very subtly, at the possibility of doing so). And, in general, he appears more realistic and less escapist concerning the seriousness of his situation.

I think that the second interpretation is the most accurate. Samper admits the depth of the crisis, and states that a political judgment in the Congress is the solution to it. Of course, this scenario poses various doubts and questions, beginning with the credibility of the Congress per se for acting as an unsuspecting, impartial judge of the president.

Could this possibly be done by the many Congress members connected with case 8000, which underlies the same case and the same investigation of the same money in the same campaign?

Will the government resist the temptation to continue handing out positions or contracts to Congress members (as it has already done with members of the Accusations Commission), in order to ensure their sympathy?

Are the members of the commission chaired by Heyne Mogollon the best suited for initiating this new process? Isn't it possible to replace the most disqualified, or to appoint an ad hoc commission?

In any event, the spectacle of the Liberal congressional group enthusiastically applauding Samper after his speech was not the most reassuring sign of the independence of his future judges. How would it be if faceless prosecutors applauded and congratulated Medina at the end of his unsworn statements, and immediately attended a cocktail part at his residence?

But there is one inevitable fact: the Congress is, by law, the only body that can initiate a judgment of the president of the republic. And, if it is a matter of respecting the Constitution, which was not invented by Samper, it is fitting, whether we like it or not, to try this course of action for the present, in an attempt to progress as rapidly and transparently as possible.

The speed will depend largely on the Prosecutor General's Office: on its promptly closing its investigation with all the new evidence (testimony from Botero, Maria Izquierdo, etc.), and sending it to the Chamber, so that the awaited judgment may begin.

The question is whether, once the investigation is closed, it would be necessary to adhere to it, and we would not be subjected to the appearance, every third day, of new testimony or confessions from persons implicated, who want to get on the bandwagon of benefits and favorable status. Because, in that case, it would never end.

But this depends on whether the Prosecutor General's Office decides to put a final end to an investigation that has dozens of facets, and whether it is willing to back what the Congress does with it. We should also ask ourselves what would have happened if this proposition for final closure had been accepted with Heyne Mogollon's commission. Would Botero have talked?

The process in the Congress cannot be extended too long either. The political debate, per se, should not last over a week, and some ground rules will have to emerge from it, so that the judgment of the president can progress in an expeditious manner, visible to the country. And in a country where justice is not typified by its speed, nor the Congress by its capacity for keeping things brief, we should not have too many illusions about the rate of speed of what is ahead.

Of course, all this applies unless it is precipitated by other events: discontent on the streets, economic deterioration, pressure from outside, etc. The important thing is that the due process and the president's right to defend himself should not end up working against the nation's interests. True, the economic situation is still sound, but an indefinite extension of this crisis would inevitably damage it. There are already symptoms.

Samper is assuming that time is in his favor, and he is not mistaken about this. The situation created by Botero's charges is becoming deactivated, he is gaining a period of time for mobilizing support, and those who were counting on his having resigned are becoming discouraged...

But, apart from the desires (those of the government or those of its opponents), what takes precedence in changing crises such as these is the objective realities, which are not necessarily the legal ones.

To my way of thinking, this still confused and unpredictable situation could be summarized by saying that President Samper does not intend to leave before being judged by the Congress and having the right to defend himself. That he might leave, whether acquitted or convicted, but after a judgment for political and not penal crimes. That, in the end, the definitive issue will be the country's governability. And that, whatever the verdict, President Samper will hardly be able to guarantee it [the country's governability].

Colombia: Viability of Samper Presidency Discussed

96SM0083A Santa Fe de Bogota SEMANA in Spanish 30 Jan 96 pp 33-36

[Editorial: "The President Has the Floor"]

[FBIS Translated Text] Ernesto Samper's government has ceased to be viable. This means that recent events have managed to weaken it to such an extent that it has lost much of its credibility. In the eyes of the ruling class, this loss is almost total. A by no means negligible popular support still remains for it, but without a ruling class it is very difficult to govern. The coup de grace was given by Fernando Botero, precisely because he belongs to that class.

The trench surrounding the president until Monday of last week had as its only defense the fact that all those who were denouncing him belonged to shady forces ("narcos," conspirators, and opponents), who were trying to destroy the government of the Social Leap. In the view of the chief executive's circle, Santiago Medina and Maria Izquierdo could fit into this category. Fernando Botero could not. After the ex-defense minister's confession, those still supporting Samper, convinced that the fact that the money had entered the campaign was one thing, and that the president knowing about it was something else, were left without an argument.

Fernando Botero assumed enormous risks, and helped to resolve a matter that had to be resolved. But he did not assume the whole blame. For that reason, his confession left a bittersweet taste. Many think that he minimized his responsibility and maximized his repentance.

Nevertheless, these are marginal strategic considerations compared with the dimensions of the results accrued. He succeeded in categorically convincing the majority of Colombians that the chief executive "did know." What many had believed until that time: that Fernando Botero had received contributions from the Cali Cartel to elect Ernesto Samper without the latter's knowledge, was left discredited.

That the president "did know" is considered a venial sin among many sectors. For this reason, all the demonstrations of the people's protest against the government have been relatively insignificant: both those expressing support and those opposed. Therefore, in this process there have not been, and will probably never be, any inflamed crowds, trade union strikes, confrontations between police and students, or buses set on fire. Among these sectors, the feeling is not that Samper is innocent, but rather, as he himself told Maria Isabel Rueda: "I wasn't the one who invented the drug traffic."

Nevertheless, to the establishment, the "he did know" was fatal. And that is where business affairs are decided, where ministers are chosen, where trade associations speak out, where embassies are accepted, and where the news media are managed. It is because of these sectors' lack of credibility in the government that the country has reached a deadlock.

No one wants this situation to continue, because there is a fear that the costs, which have not been high thus far, may increase as time elapses. On the other hand, almost no one believes it possible to return to any type of normality that would enable the president to last until 7 August 1998. Hence, in the search for the final push, both those with bad and good intentions have given free rein to an anti-Samper escalation of unprecedented ferocity. The excesses in this campaign have prompted the head of state, with his personal dignity injured, to become radicalized, in turn, and to resort to what his critics consider a threat of a class struggle to defend himself. A solution will not emerge from the polarization of these two positions.

What Is the Reality?

Ernesto Samper's campaign was financed very substantially by the Cali Cartel. It was attempted to conceal this on the high government level, but the truth has gradually come to light, increasingly implicating high-ranking officials, until it reached Fernando Botero's charge against the president of the republic. The inevitable conclusion from what has occurred is that the chief executive is not yet responsible for those acts from a judicial standpoint, but is, in fact, from a political standpoint.

Political responsibility is one of the fundamental principles of democracy. In view of the seriousness of certain acts, the responsibility cannot be confined to a subordinate level. The chief must assume the political cost. It is like what occurred in the early 1970's to the head of the German Government. Willy Brandt resigned from his office when it was revealed that his private secretary was a spy for Communist Germany. No one suspected that Brandt had the slightest knowledge of this when he appointed him, but, considering the fact that the East-West conflict was the most important political issue for the country at that time, the prime minister deemed it his obligation to resign.

Something similar occurred in the Soviet Union during 1982. A daring German student flew from his country to Moscow on a small plane that finally landed in Red Square. The next day, the Soviet defense minister, Sergey Sokolov, who headed the largest army in the world, resigned. They never claimed that he was controlling the radar systems that were evaded. They simply thought that, since external security was the Soviet's top priority, the one responsible for that monumental bear could not remain in office.

In 1994, Colombia's main problem was the drug traffic. It had just ended a 10-year war against Pablo Escobar and the Medellin Cartel, in which the state, after many deaths of illustrious and anonymous persons, achieved a victory. The country, which had been tolerant toward coexistence with the drug traffic in the past, became indignant upon discovering that this closeness had never been greater than in the presidential campaign of 1994. This is a very serious incident, the criminal responsibility for which will have to be determined by the Prosecutor General's Office, with the political responsibility falling on Ernesto Samper.

The seriousness of the aforementioned situation, and the government's attempt to conceal it, prompted an alignment against the president on the part of a group of isolated forces that never allowed him to govern. With the passage of time, the original indignation resulted in a confluence of political, economic, and journalistic interests which, although unruly, became a genuine opposition bloc.

All kinds of excesses were committed in the latter's confrontation with the government. Perhaps inevitably, since the judgment of a president is involved, the process became politicized from the outset. The confidentiality of the indictment never existed. The public and private lives of Samper and his wife were the target of all kinds of exaggerations and slander, much of which even appeared in the news media. There was no presidential hopeful who did not fish in troubled waters. There are few precedents in Colombian history for a campaign of this magnitude against a president.

The country became radically polarized between defenders and opponents of the government. Each one of these groups had its own truth. And, to resolve the situation, some enemies of Ernesto Samper have proceeded to deal lower blows than the previous ones. Owing to a series of circumstantial events, understandable to a political leader who has been evolving in Colombia for the past 15 years, they are furnishing him with a service record worthy of any Rodriguez Gacha. It is being attempted to create the impression that the president of Colombia had a secret life that has just now been uncovered. Besides being fiction, this is an injustice. Ernesto Samper, the leading figure in the largest "narco-political" scandal in Latin America, does not have, and never has had, personal financial assets of any kind.

However, of those two truths, that of personal injustice and that of political responsibility, one takes precedence over the other. It is less serious that excesses were committed against the president of the republic than that the president of the republic has been elected with money from the Mafia. And, although this shameful episode might have been politically manageable if the scandal had been concealed, with its disclosure to Colombians and to the whole world an intolerable situation has been created.

The resolution of the latter is in the hands of the chief executive. He is not the demagogue who intends to lead the country into a civil war, by pitting the rich against the poor. Nor is he the irresponsible leader who intends to defy the United States in the battle over certification. Nor is he the blinded politician willing to ruin the entire country in order to remain in power. He is simply a well intentioned man for whom things have gone very badly. He wanted to implement some social programs in Colombia, but the scandal with which his administration came into existence never allowed him to have that opportunity. He is a tolerant man, who has never resorted to highhandedness against his critics. He is also someone whose personal dignity has been injured. It is precisely that dignity that has been evident throughout his entire defense, in this sad chapter of his life. And all those who want Ernesto Samper to leave Narino House will not achieve it until they give him recognition for that dignity.

Columbia: Government Voices Optimism on Economy

96SM0085A Santa Fe de Bogota EL TIEMPO in Spanish 1 Feb 96

[Received via Internet]

[FBIS Translated Text] The government is reiterating that the economy will remain sound despite the political problems, claiming that it will not change the economic projections established for this year.

Finance Minister Guillermo Perry Rubio defended the soundness of the Colombian economy after pointing out that it has managed to come out ahead despite the external and internal crises in recent years.

Regardless of the not very optimistic predictions of private analysts, who think that production will be hurt by the political crisis, the official maintained that 1996 could be another good year for the Colombian economy. Nevertheless, its improved performance will depend on the attitude assumed by business owners, workers, and the government itself.

Hence, he called upon all sectors of productive activity to safeguard the health of the economy, and to avoid the use of political problems to its detriment.

He gave assurance that the government would not change the macroeconomic program approved by the National Council for Economic and Social Policy (CONPES). For this reason, it will maintain the goals of a 4.9 percent increase in the gross domestic product (GDP), 17 percent inflation, and a devaluation rate not exceeding 13.6 percent.

Growth will be possible to achieve thanks to the favorable performance of non-tradtional exports and investments in infrastructural programs, which will offset the deterioration of sectors such as coffee and construction.

Nevertheless, Fedesarrollo [Federation for Development] estimates that in 1996 it will be very difficult to attain a GDP growth of over 4.0 percent, owing to the political problems and the reduced growth in sectors such as agriculture and mining.

There Are No Shocks

The reports from international agencies on the economy also reinforce the government's optimism. According to the Finance Ministry, a recent study by the Inter-American Development Bank (IDB), which evaluated the performance of the region's economies between 1970 and 1992, concluded that Colombia is one of the most stable countries with respect to growth, inflation, exchange rate, and management of finances.

This stability has been achieved despite the long history of violence and the social and political problems. Perry remarked: "The economy grew in a stable manner during the entire period of bipartisan violence in the 1950's, with continued growth during the period in which the guerrilla groups appeared and became consolidated. And it also emerged successfully from the violence unleashed by the drug traffic."

Moreover, he reiterated that the events of the past few days have proven the economy's capacity to absorb disturbances without any major trauma.

He gave a reminder that, during the past few weeks, the leading indicators have been kept stable. The dollar has remained within the exchange spread established by the Central Bank, and the stock exchanges' indexes have shown a decline of only 1.78 percent.

Also, thanks to the restriction on the short-term foreign debt, there are no large public or private debt payments due that must be refinanced every month.

These will be some of the features of the economy that the official intends to cite at the meeting in Davos (Switzerland), to be attended by heads of state and economy ministers. Several days ago, President Samper cancelled his plans to attend the Davos meeting.

Ecuador

Ecuadoran General: No 'Complete' Agreement With Peru

PY0602023596 Quito Voz de Los Andes in Spanish 2300 GMT 5 Feb 96

[FBIS Translated Text] The Ecuadoran Armed Forces reported today that the Quito and Lima governments have not reached a complete agreement for revealing the purchase of military materiel of the two countries.

Ecuadoran Armed Forces Chief General Jorge Ortega said that there is good will but the terms of the agreement have not been defined. He added that this issue will continue to be discussed during the upcoming meeting of foreign ministers of the two countries.

General Ortega made this comment when Ecuadoran Foreign Minister Galo Leoro Franco said that he would be willing to accept the Peruvian proposal for creating a bilateral commission to study the purchase of military materiel.

Ortega noted that the agreement would be signed in Trujillo, Peru, during the Eighth Andean Presidential Council. He said: Nothing has been defined yet. This point will be discussed during the foreign ministers' meeting.

Ecuador: Nebot Discusses Campaign Issues

96SM0024A Quito HOY in Spanish 10 Nov 95 p 9A

[Interview with PSC candidate Jaime Nebot, by Roque Espinosa: "Positions for a New Campaign"]

[FBIS Translated Text] *"I do not believe in a right wing or a left wing"*

Jaime Nebot — a Guayaquil lawyer from a family of politicians, member of the Social Christian Party, ex-governor of Guayas and its top leader — is, currently, the candidate with the best chance of winning the first round of elections. It is important that the country know his thinking and his interests. Therefore, beginning a series of interviews with the various candidates, HOY asked Nebot about his plan of government. Nebot, a young man who believes that his positions are the most progressive of all the candidates, who does not believe in classifications of right or left, and who thinks he represents most Ecuadorians, tells us about his platform.

[Espinosa] Counselor, what ar your commitments?

[Nebot] My commitments are with the people, and we have synthesized that commitment in a campaign slogan: the people first.

[Espinosa] How is it formulated in your plan of government?

[Nebot] The program starts with the qualities that a president of the republic should possess; ability, honesty, character and, basically, sensitivity, knowing that the state has the responsibility of serving the citizen. The plan of government exists together with those qualities.

[Espinosa] How would you diagram the plan?

[Nebot] Most important, the state must be administered as a whole: At the same time that it is attending to the stability of the economy, it also has to attend to the new role it must fulfill.

It must also contribute toward producing more and better, and to invest in the people.

[Espinosa] Can we begin with stabilization of the economy?

[Nebot] Stabilization involves making the basic productive system competitive. This means that the production of goods and services must have realistic prices that bear a relationship to the costs of production. Interest rates, the exchange rate, the price of energy and fuel must be realistic. Only in this way are we going to have a realistic economy, competitive, not recessionary.

[Espinosa] Does this mean thinking about devaluation?

[Nebot] It is no longer appropriate to speak of devaluation of the currency; now we must speak of depreciation. However, when we speak of a realistic rate of exchange, we do not mean that in order to help the exporters we have to give them more sucres. No, that was a harmful, earlier practice. In any case, neither can we follow the other practice of maintaining unrealistic exchange and interest rates. That would be nonsensical.

[Espinosa] Will maintaining realistic prices facilitate development of the economy?

[Nebot] If interest rates, for example, are not realistic, how can those interest rates help to stimulate socially oriented housing, farming, and the construction industry? Impossible. What is being created is more recession in the country. What Ecuadorian or foreigner can invest in the country with those interest rates?

[Espinosa] Would a realistic productive system represent stabilization?

[Nebot] A state that carries out its duties under normal conditions, private enterprise that produces under normal conditions, that creates jobs under normal conditions — that is stabilizing the economy. Stabilizing the economy is not creating a disguise for a dead productive system so that it will seem alive.

[Espinosa] Will stabilizing the economy create jobs?

[Nebot] Job creation is a consequence of the recovery of the productive system, while making it more competitive. If it is not competitive, it cannot produce better. Therefore, neither investments nor more jobs would result. In any case, this assumes a deregulated economy.

[Box, p 9A]

The International Sphere

In the international area, integration with all the countries of the world must be considered. Second, foreign policy must be conducted based on certain basic principles: nonintervention, the self-determination of peoples, more democracy, and respect for human rights.

The situation with Peru must be approached with a desire to achieve a dignified, definitive and sovereign peace. This country should close its borders and, at the same time, it should have a sovereign presence in Amazonia. This can be achieved through the traditional procedure of negotiations, or by both countries selecting a third country to propose a solution, and accepting that judgment. There are ways to do this. The last proposal by Peru during the Borja administration was promising. We should return to that road and begin discussions again. This does not involve accepting that proposal, but rather beginning discussions again from that starting point, without haste but without delay.

[Box, p 9A]

The Economic Sphere

Humanist Capitalism

Nebot says he advocates humanist capitalism, a social liberalism. This means a social market economy in which there is a responsible state, and in which the center of attention is man and woman. This assumes a state that encourages private domestic and foreign investment, that creates conditions of judicial security so that it is possible to invest in the country, that collects taxes and punishes those who break the law. A state that regulates while it encourages industrial activity. Humanist capitalism and a responsible state will open the way for an economy of abundance that will mean a greater supply of goods and services, better wages, and less unemployment.

Integration and the Pact

Nebot insists that integration must be approached with a basic criterion. No agreement should be reached that does not benefit the country. Also, many people believe that integration is the Andean Pact. Integration is not the Andean Pact. Integration is an opening to the world, without complexes and without privileges.

Integration has only one objective: to expand our markets in order to produce more and better, and to benefit the consumer with quality and price. But this is possible only when one has a competitive productive system.

Budget

Currently, according to Nebot, the consumer is taxed in order to pay a state that squanders.

When the consumer buys, his prices are increased by the taxes on sales. Nothing is being produced, and consumption is more expensive. Wealth is not being created and poverty is being increased. And all this, not so that there will be more schools, nor that there will be more health care — but in order to squander resources.

His philosophy - he insists - is to tax production and wealth fairly, not spending, with the aim of moving toward a development budget that invests in man.

Capitalization

The concept that is currently held about privatization is not sustainable, according to Nebot. What should happen, rather, is participation by the private sector, under clear ground rules into areas that pertain exclusively to the state. In this way, disinvestment will become a tool, a means for the welfare of the people. Capitalizing is a form of privatizing, never as an end but as a means. Following this concept, says Nebot, four basic areas should be capitalized: petroleum, electric power, energy, and telecommunications.

[Box, p 9A]

The State and Public Disinvestment

[Espinosa] Can you tell us about the new role of the state?

[Nebot] Basically, I believe in a state that governs a great deal but administers little. In a state that spends better and invests better, that decentralizes, and that permits the participation of private enterprise in activities that are now performed solely by the state, which does them badly. This would involve favoring the system of capitalization in the country.

[Espinosa] What does that mean?

[Nebot] In the first place, it is a system that transforms a state enterprise into a corporation in which the interests of the state, the worker, private enterprise, and the consumer are joined.

As a result, the state continues to be the majority stock holder in the company — so that not only does it not give up its resources, it retains them as shares in the state patrimony, which will benefit from the future increase in the value of those shares.

The money that private enterprise pays for the shares it purchases will go to the Social Solidarity Fund. This means that the patrimony of the state is not sold, but that this money, its interest, and extraordinary earnings will be invested exclusively in health, education, social security, credit, and technological infrastructure for development.

In the second place, private enterprise will participate not only in order to administer efficiently and to improve the quality of services, but to extend them to the entire country. It will participate through a table of regulated rates that must be drawn up.

[Espinosa] How do the workers participate in this system?

[Nebot] The workers will not only not lose their source of employment, but under the law they will become stockholders in the new enterprise. This system signifies modernizing without lay-offs, and disinvesting to generate well-being and to create jobs. As a result, a giant step is being taken toward popular capitalism, which must come about in this country. This system should also result in satisfied consumers, and the money produced by capitalization should be invested in health, education, and social security.

[Box, p 9A]

The Political Sphere

Justice

To begin with, not all political reforms require legal reforms, Nebot emphasizes. In fact, many reforms can be implemented by using the country's legal structure.

Speaking of reforms, however, it is useful to begin with the subject of corruption as it relates to the subject of justice. In that connection, what is happening now, Nebot says, is the reaction of the country to a case of corruption that must be pursued to the end. Nevertheless, to deal with the phenomenon of corruption, it is necessary to: eliminate secret funds, secret contracts, and parliamentary immunity; and to do away with the statute of limitations on crimes involving public funds, especially embezzlement.

It is also essential that justice be depoliticized and made independent. Therefore, the National Congress must be deprived of its power to appoint justices to the Supreme Court. Instead, the justices should be elected in the electoral colleges of civil society.

One way of stopping administrative corruption is through the law of public contracts. And if one adds to that a presidential determination to hand out sanctions, we would enter a phase of normality. In any case, this means fighting against many interests. Should that become necessary, the referendum can be called upon.

Modernization

If the leader of a government does not face up to and resolve problems of the state - says Nebot - he cannot be successful. These arguments, however, in the context of the current state, are useless. What must be done is to move forward to a new state which is based on effectiveness and solidarity. This new state would give priority attention to each and every one of the basic areas of the country's development, seeking the welfare of the people through solidarity and effectiveness.

Pluralism

To be able to go forward with this program, it is necessary to preserve a pluralist attitude that enables us to select and summon the best men in the country. This willingness to invite one's adversary, in any case, should not be a betrayal of the principles that won the elections.

Decentralization

Most important, we must decentralize. Not invent new taxes, but give the municipalities what is theirs. The government itself must decentralize by creating offices able to let contracts and to take charge of public works in all the provinces.

The proposed decentralization reform does not consist of transferring basic functions of the state to the municipalities in order to exempt the state from those responsibilities. Decentralization means transferring and sharing functions, technical and administrative capacity, and resources — with the sectional governments, not only the municipalities.

[Box, p 9A]

The Social Sphere

Investing in the people is fundamental, says Nebot. However, to invest, it is first necessary to prioritize. In his government - he says - investment will be made in health, education, and social security.

Social Security

The Institute of Social Security must be strengthened and transformed, so that it will be able to compete with private insurers. Only then will it be possible to assure that the health of the citizen will be cared for effectively, that his contributions will be used most efficiently, that he will be able to borrow from his own funds, and that in his old age he will receive a dignified and adequate pension. This does not mean the end of the principle of solidarity or of peasant social security.

To transform social security and make it competitive - says Nebot - its assets should be sold, the debt owed by the state should be collected, and funds freed up that are now sterile and unproductive. This reform proposal does not mean saying no to privatization, but neither does it mean an unqualified yes to the AFPs [Pension Fund Management Companies].

The National Education System

Public education must be improved, it must not be privatized. It is part of the duties of a responsible state. The state must provide public education to those who cannot pay. This presupposes consolidation of schools, more teachers, and better pay and training.

In addition, with the support of the communications media, we must press toward remote broadcasting of information and education. We must also press toward the technical high school diploma.

The University

Entry requirements for universities must be reestablished by means of a selection process and preparatory courses, so that entering students are prepared. Priority should be given to short and intermediate courses of study, especially technological courses. University education should be free, but related to excellence.

Curricular Reform

It is absurd to speak of curricular reform in the current environment. On the other hand, if it is included in a general reform of the educational system, it can be accomplished.

Health

Nebot says that he will give priority to preventive medicine, and to primary health care, in general. He emphasizes that reform of the hospital system must not be forgotten. He recalls his first promise: free maternal care and support for child nutrition programs.

Venezuela

Venezuela's Caldera Views Colombia, Economy, Issues

PA0402011796 Caracas EL UNIVERSAL in Spanish 28 Jan 96 p 1-12

[Interview with President Rafael Caldera by EL UNIVERSAL editor Andres Mata Osorio at the Miraflores Presidential Palace in Caracas; date not given]

[FBIS Translated Text] [Mata] Colombia is currently facing what can be described as one of the most decisive crises in its history. In your opinion, what could be the possible consequences that this situation could bring to Venezuela from the point of view of national security and public health? How is the country preparing to face possible incursions, such as cartel invasions, dollar laundering, and other activities?

[Caldera] Venezuela should be attentive to everything taking place in sister country Colombia, but must also be very careful not to involve ourselves in matters that strictly pertain to Colombians and to which we are not even entitled to give an opinion on, especially when one has the responsibility of the government. Colombia's situation reflects on Venezuela in two aspects: On the positive side, as to the need of a clear, transparent, and fertile understanding that both sides recognize, and whatever the circumstances, this is a truth that cannot be disregarded. From the other point of view, the problems Colombia faces with guerrillas has been worsening for many years now, since 1948 at least; the incursion of drug trafficking to an impressive degree, to which gangs and terrorism are derivatives; and a country with such an extensive border, with many unpopulated areas that contrast with other that are densely populated, necessarily cause incidents that if both sides do not interpret them with reason, they can give the impression that they could generate completely unjustified conflicts.

[Mata] How are we preparing ourselves for the possible consequences that this situation could cause to Venezuela, such as more dollar laundering, greater incursion of drug trafficking, and other elements?

[Caldera] The development of this situation does not necessarily mean that the negative aspects in relation to Venezuela I referred to have to worsen. Anyway, we have the obligation to take into account all possible scenarios and analyze them with seriousness to avoid them becoming a scandal and keep a defined position inspired in two principles: One, the greatest respect and the best resolve for understanding and harmony between Venezuela and Colombia; the other, the obligation to preserve our sovereignty and our institutions, which are threatened by factors that in certain circumstances seem not sufficiently controlled by the authorities in the sister republic.

[Mata] You said that in order for political alliances to be effective they have to have to be based on true conviction and a feeling of commitment to reach a working and lasting agreement. You have been in power for two years talking about the constitutional reforms, but the draft bill that is in the Senate, presided by National Convergence, has not been approved. Don't you feel that your conviction on the need for these reforms is no shared by Congress? Basically, what are the possibilities of reforming the 1961 Constitution over the next three years?

[Caldera] I am very interested in that this presidential period does not pass without reforming the Constitution. I believe many mistakes have been made and that at some moments the impression has been given of little interest, desire, or resolve to carry it out. Nevertheless, in talks we have held as part of the constructive dialogue we have decided to carry out with all political sectors, I have found elements that make me believe that the parliamentary process for the reforms could take place this year. The country needs this, not because there is criticism to the current Constitution whose content has been generally recognized as quite valuable, but because it is necessary to complement it with greater participation of society in the country's most important decisions through referendums on the one hand, and on the other, on the need to establish the possibility of emergency measures to do with the administration of justice so as to attempt to fully return the trustworthiness that civilian society has partially lost on such an important institution.

[Mata] Douglass North has said during his visit that the biggest, structural setback standing in the way of the development of countries south of the Rio Grande is their weak and inconsistent juridical systems. He has mentioned Peru, where several self-governing mercantile law courts were created for the specific purpose of clarifying the property ownership rights of both Peruvian and foreign citizens. Do you think this type of reform is necessary in Venezuela? If so, what aspects of our juridical system would you change?

[Caldera] There is an aspect we might describe as technical. I am speaking of a program sponsored by the World Bank and presided by a distinguished Peruvian jurist whom I met when he was a student and who, pardon the digression, was the student attache designated for me when I visited San Marcos University on the occasion of its fourth centennial. This person is Dr. Roberto Maclean, on whom the Judiciary Council is very interested as a person who can make the administration of justice more effective, real, and expeditious. True, the Venezuelan administration of justice includes many honorable, able, and hardworking judges, but there are also others who lack some or all these qualities. Such a condition has repercussions on the institution's overall image.

I have said a judge must possess three attributes. He must be well educated, hardworking, and honest. By order of preference, I would list these three traits in reverse order. First, he should be honest, then hardworking, and then knowledgeable, but honesty is perhaps the most essential characteristic of a judge.

[Mata] Would you approve a special powers law that would serve as an instrument to reform the labor laws after a consultation between Fedecamaras [Venezuelan Federation of Associations and Chamber of Commerce and Industry], CTV [Venezuelan Workers Confederation], and the Labor Ministry to keep this same legislation from bogging down uselessly and becoming a political arena in Congress?

[Caldera] I have always regarded enabling laws as a delicate subject. First, I never asked for a special powers law. Congress has given it to me under certain circumstances, and I have used the authority given to me through it. Some people believe this law would provide a means for handling the social benefits problem. In such an instance, I would have to assume this responsibility guided at all times by the idea that there must be a basic consensus for such an instrument to succeed and so we can obtain the expected results. At the same time, the workers' rights must be recognized.

[Mata] What do you expect for the Democratic Convergence [CD] in the Venezuelan democratic system both on a short- and long-term basis?

[Caldera] I believe the CD on a long-term basis should present a new concept of political life, a change in the political parties' way of thinking and operation, a sense of responsibility of the leaders as mediators between the civil society and public power. On a short-term basis, CD leaders represent a force that is not very large but respectable and important in guiding parliamentarian and political life.

[Mata] Concerning economics, is the government afraid of the probably explosive and destabilizing effect of a fuel price increase? What is the government plan on this issue?

[Caldera] The retail price of fuel, and gasoline in particular, assumed a special nature in Venezuela after the February 1989 events. To tell the truth, there are several perfectly logical reasons for raising the price of fuel, if not up to the international market price at least by an amount sufficient to adequately cover production costs and still leave a reasonable profit. Undoubtedly, the high cost of living resulting from several factors at present weighs heavily on the people at a time when true income and salaries have decreased considerably and the middle class has suffered intensely the present economic situation. All this is just another element that contributes to the increasingly difficult national situation.

I have told some people, some of whom are even involved in the international financial system, that special circumstances have to be considered in Venezuela. One of them is the absence of a sufficiently reliable and successful mass transit system, something which forces many people to use their cars to conduct their day to day chores, such as shopping, taking the children to school, and going to work. This does not happen in developed countries where people use mass transit to go to school, to the store, to work, and drive their cars on Sunday for outings or for fun. This situation raises considerably the domestic expenses of middle class families.

In addition, mass transit can and must operate using another cleaner, cheaper, and more convenient fuel; that is, gasoline. In this regard, Venezuelan Petroleum Inc. and its subsidiaries are making a real effort to try to get people to use this fuel, which would make things easier.

In addition, when international observers estimate the price of gasoline in foreign currency, I have noticed that if they applied the same criteria to gauge earnings, they would find out it is much lower than in the developed countries.

[Mata] With that situation in mind, Mr. President, is the increase in the price of fuel unavoidable, or do you believe it is something that can wait a reasonable amount of time?

[Caldera] I believe that it can be programmed, that the programming, the necessary period hinges on the way circumstances evolve. The implementation of a gasoline program for mass transit has to be implemented, and the real income of Venezuelans has to recover. We have certain and justified hopes and must take this point into consideration, just as we must also consider the foreign exchange situation, or the stability of the exchange rate, as one of the objectives toward which we must strive.

[Mata] The figures Edmund Saade [not further identified] has presented at a recent forum included the dwindling of the middle class. They represented 23 percent of the population 10 years ago, but it is between 10 percent and 11 percent now. That finding worries me, because the decency, creativity, and drive of a society lies in its middle class. Oscar Wilde has said the poor and rich have just one thing in common: An unhealthy obsession with wealth. This situation worries me, and I share your concern about the drop in the quality of life of the middle class.

[Caldera] It is necessary to maintain an interest in the middle class, and one sometimes forgets about it a little, because the development of certain social programs tends to alleviate the situation of the working class, but programs to help the middle class are not adopted.

[Mata] Is the enforcement of the tax on financial transactions [impuesto a las transacciones financieras — ITF] tied to the idea of postponing as much as possible a gasoline price increase?

[Caldera] The ITF is an alternative we have introduced and is acknowledged. Some people object to it, but experience has shown, during the temporary implementation of the tax on banking operations, that it can work for a reasonable period of time and yield major benefits without inflicting harm or trauma to the people.

[Mata] In your opinion, how do the Brady Bonds, available through the stock market, distort the true purchasing power of the bolivar? Isn't this type of bond rather an escape valve for those who need to work with imported component parts?

[Caldera] The impression of certain observers who have studied the Brady Bonds is that they have allowed a series of speculations that is not the result of supply and demand and even the transfer from one kind of bond to another and that they have been used by people who are interested in forcing a successive devaluation and creating a false impression of the real value of the bolivar.

[Mata] What about recent legislation? In your opinion, is it trying to minimize this effect?

[Caldera] I have taken measures and will continue to adopt whatever measures may be necessary. Generally speaking, there are no absolute formulas. Measures are adopted, and it is determined afterward based on the results whether there is a need for modifications or to continue with them.

[Mata] Do you not believe that with a single exchange control system we could be creating an appropriate scenario that would lead to corruption, even without a substantial differential in the market parallel to the Brady Bonds?

[Caldera] Undoubtedly, we are constantly on the alert to the likelihood of corruption in these institutions. In-depth reforms are being assessed to prevent these institutions from being infiltrated by corruption. A search has been under way for some time now for qualified administrative personnel that has yielded positive results in such institutions as PDVSA [Venezuelan Petroleum, Inc.] and its subsidiaries. We will undoubtedly have to take measures once corruption is detected, as it is possible for it to be detected in issues as sensitive as this one.

I would like to repeat what I have already said many times: We did not implement the exchange control simply because we wanted to. On the contrary, during my inaugural speech I announced there would be no exchange controls, but the situation resulting from the financial crisis drove us to this point, and now, prior to the dismantling of the control and the establishment of a free exchange control system, there are also certain requirements we have to fulfill. I hope we can accomplish it so we can reinstate a free exchange system shortly.

[Mata] One of the main features of your political career has been your honesty and rectitude. We believe this was one of the fundamental reasons that validated your candidacy and helped you get elected president of the Republic for a second term. Doesn't this entail a double responsibility or double commitment toward the country to prevent mechanisms from developing within your administration that can lead to a process of corruption one way or another?

[Caldera] You are quite right. It is a double responsibility on my part. I am aware of this responsibility and have instructed that all complaints will be followed up and thoroughly investigated. What we find in many cases, however, is that many of the complaints are made simply to satisfy specific interests and that these charges do not correspond to reality. I have appointed a special commissioner, a leader of a small political party but someone who is committed to the struggle for administrative honesty, to supervise the public administration system. He has been granted total freedom of action and has even been able to convince various government agencies to appoint officials designated by his office so they can oversee the state offices.

Anytime the public administration is in a situation involving several specific interests, which is quite frequent, those who are not benefited generally tend to protest, accuse, and charge that there has been corruption, which on many occasions does not correspond to reality. This also takes place with electoral processes. Generally, the losing candidate claims there has been fraud. In this regard, I can claim moral authority, because I acknowledged and respected the decision when I lost the election, which happened on several occasions, even when I could have also invoked some type of situation that would have allowed me to claim that the election did not reflect the will of the voters. I believe we must follow up on this issue with intensity and determination. Many officials have been removed from their positions when we had sufficient grounds to suspect their honesty, even if we did not have evidence solid enough to allow us to prove their dishonesty in a trial.

[Mata] During your first speech before Fedecamaras, you referred to a banking mafia. Do you believe the wealth involved in the petroleum sector has weakened the private sector? In his latest book, well-known Harvard economist Jerry Sachs wrote that countries such as Venezuela are undergoing a poor overall economic development and great political instability because they have so many resources that are mostly under state control. Do you believe the deregulation of the petroleum sector would alleviate this situation?

[Caldera] It is necessary to take two elements into account when analyzing and expressing an opinion about the Venezuelan economy: One, corruption, and the other is the crisis in the financial system, which is another element of the current situation the country is experiencing.

I believe all the unexpected revenue that came about, when the price of crude increased from $2 to $14 per barrel, prompted a desire to rapidly partake in all that wealth. The combination of corruption in the pubic sector together with an unrestrained desire for profit in certain private sectors led to a situation that has caused much harm to the country. Undoubtedly, we cannot say that oil revenue was an affliction for Venezuela. On the contrary, the petroleum wealth allowed a small, rural, turn-of-the-century country to transform into a modern country with an incredible amount of benefits. The most important benefit was the growth of education. The fact we were able to advance from 1,500 university students in 1956 to nearly 600,000 students in 1996 is sufficient to comprehend the sort of transformation through which this country has gone.

There is no doubt that tremendous wealth has caused an imbalance that has created a type of profit economy model. Everyone took advantage of the profits obtained from the sale of our national resources and the need to work, to create, to produce, and we slowly started to decline even though it cannot be denied that a major industrialization movement began to take place within that petroleum economy. A tremendous amount of machinery was purchased, many factories were built, and the boom and growth of industrial production was substantial.

We should also note that the idea of petroleum ruining our agriculture is false. The statistics can be pondered and studied to see that petroleum has allowed the financing of agricultural activity, and production rose substantially in many states over time. It not to say, however, that all kinds of reported corruption and mistakes were absent. We are now paying the consequences. There was the indiscriminate swelling of bureaucracy and the rising public expenditures that have made the readjustment operation more difficult. We have acquired more debt as our improved revenues offered us a greater capability to assume debt. Some economists thought it would be a mistake not to seize the opportunity to take on additional debt, which has now become a huge burden for our economy and the treasury.

[Mata] I remember Carmelo Lauria's statements back in 1975 when he said Venezuela's capability to take on debt was immense, because our petroleum reserves were immense as well. We should think back about the euphoria reigning at the time. The petroleum opening will generate a multiplying effect as other Venezuelan companies are paid by these new firms for supplying services and spare parts. Were you satisfied with this week's opening?

[Caldera] The petroleum opening has a number of positive aspects. It will rake in some revenues through bond auctions. This should ease or improve the situation of our reserves, which are now rising to reasonable levels and standing at $9.7 billion. The opening offers job opportunities, as you say, for Venezuelan engineers and workers, but I believe the most important thing it shows is the trust in Venezuela, despite the media's recent negative campaigns to present the country as lacking reserves or investors' trust. The participation and interest of firms that are very serious, responsible, and knowledgeable of the situation, I feel, are the best argument to counter the thesis that one cannot invest, trust, or feel secure in Venezuela.

It is important for us to prepare for a huge expansion in the fuels market, which is widely expected during the first few years of the 21st century. We must prepare for this expansion, because we are producing as much as our OPEC imposed ceiling will allow, through accepted quotas, but that ceiling will evidently rise much higher with the market outlook for the near future. It is crucial for us to prepare immediately for that huge boom in demand.

[Mata] What do you think about OPEC as a market regulator?

[Caldera] I have maintained that the cost relation within OPEC is wrong, because it limits production. It should control exports, because we are not talking about an organization of petroleum-producing countries. The interest of the OPEC countries, therefore, is to regulate the foreign market, the petroleum export market, but it is unfair for countries with larger populations such as Nigeria, with a population of 100 million, or Indonesia to have a production limit while other countries that produce a lot and have smaller populations have the same production rules. The domestic market really should not be included here. The Venezuelan domestic market is growing as a result of our own development, and only the export amounts should be used as a comparison point for the quotas.

[Mata] Venezuela's foreign debt has become, following the restructuring program, a burden, but unfortunately the help, as you just said, was to be found in the prices necessary to maintain order, peace, and the institutions.

[Caldera] And it was an obligation of justice. The situation of the banking institutions, in part, has resulted from the lack of supervision and by not following the set rules the state had the duty to enforce.

[Mata] Are you satisfied with how the 232 people who have been charged with bank offenses have been tried? Do you think this process is on the right track?

[Caldera] It is very delicate for me to give my opinion on this subject, because I as chief executive should not interfere in the affairs of the judicial branch. It is a widely accepted belief in this regard, as can happen in any other aspect of life, that not all those implicated in these events have been tried.

[Mata] Paradoxically, history has shown that the peace process over which you presided in the 1960's is repeating itself, under a different form, in the 1990's. What philosophical reflections do you have on this second pacification process in general?

[Caldera] I believe the pacification process in this case is different from the one carried out in the past, because then the people who had to be pacified were politicians who had chosen to become guerrillas due to ideological reasons. In this case, we are trying to reestablish unity and peace within the Armed Forces, where the proportions of the problem are smaller but the characteristics are more delicate.

The unity of the Armed Forces, as part of the plurality of thought—because the soldiers are human beings who have the right to think and feel, who have families, have friends, and have relations in the human life—is based on the fact they must be united around one mission; that is, to support and sustain democratic institutions, the Constitution, the laws, and social peace. And those things may have been seriously damaged as a result of the 1992 events. To overcome these traumas, to grant a pardon, or to suspend the trials against those involved in the 4 February and 27 November were a delicate process. It was carried out with great concern for the national interest, shared from my position as commander in chief of the Armed Forces with the military high command.

[Mata] Considering it was a rather tactical-political-momentary accord and perhaps not the pacification itself under a scenario of the Cold War in the late 1960's, do you feel that the unbreakable stability within the Armed Forces has been achieved?

[Caldera] Absolutely. It is a mistake for anyone to consider that the Armed Forces may again assume deliberating positions that sparked the 4 February and 27 November events.

[Mata] How do you see the process against former President Carlos Andres Perez?

[Caldera] I do not want, nor do I intend, nor must I replace judicial authorities who are handling this matter. I have been asked if I would be willing, due to the extraordinary powers granted upon me by the Constitution, to grant the former president a presidential pardon in case the Supreme Court finds him guilty. It is my duty to answer, in a clear manner, that I am not considering the possibility of granting a presidential pardon, because it would not be in keeping with the conviction of the Venezuelan people about the events that prompted the trial.

In addition, the penalty will be very moderate, because the Penal Code establishes a series of privileges for those of us over 70 years of age. As you will realize, this code was approved when life expectancy in Venezuela was between 40 and 45 years. Obviously, becoming 70 years of age then seemed very strange, so those who reached 70 were given a series of privileges we do not deserve today. At the time this code was approved, a 70-year-old man was considered a very old man. I believe all these privileges should be transferred to those over 90 and 100 years of age.

[Mata] Uslar Pietri would be the only one.

[Caldera] No, there are many more people who have turned 90 and are in perfect health.

[Mata] What do you think will be the impact of the upcoming pope's visit to Venezuela?

[Caldera] I am convinced this event will be one that will stimulate the high values that are fundamental in the life of the peoples. Our people have a profound religious conviction, and the fact the pope will come to bless us from the Santuario de la Piedad Shrine, which Venezuelans have erected to the national patron saint, gives this tour a special significance. I am convinced this event will be, by all means, a positive one for Venezuela.

[Mata] Do you foresee any changes in the cabinet?

[Caldera] It has been said I am planning to appoint Luis Giusti as finance minister, replacing Raul Matos Azocar. I would like to say that Luis Giusti is doing an excellent job in PDVSA and that it would be crazy to get him out of there and into a different responsibility. Luis Raul Matos Azocar is a man who at this time needs and deserves full support and backing, because he is carrying a big weight on his shoulders, and the capability, honesty, and intelligence with which he is facing the current situation stands above any criticism that may be made against him.

The changes of ministers are always a fact in the life of a state, and the responsibility of forming a government is sometimes very delicate, especially when it is not a single party controlled government.

Venezuela's Finance Minister Interviewed

PA0202215696 Caracas EL NACIONAL in Spanish 28 Jan 96 p D1

[Report on interview with Finance Minister Luis Raul Matos Azocar by Yolanda Ojeda Reyes; place and date not given]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar has voiced satisfaction over the political will expressed in the parliament. He agreed on the need to reduce the fiscal gap to manageable levels. Matos Azocar expressed his optimism about the possibility of crossing the narrow bridge of the economy. He predicted positive growth and a monthly inflation rate below 2 percent by the end of the year, paving the way for job creation.

The minister believed that the petroleum opening is a positive indicator to defeat pessimism. "A petroleum-producing country has made a decision in an important area to seek joint ventures, which indicates that we don't have a dogmatic position regarding this matter; something similar is being considered for the mining and petrochemical sectors."

[Matos] Several sectors have questioned this process, arguing it is unconstitutional...

This decision was made by consensus between the executive and parliament. This counters the criticism involving a vision that is not in keeping with the new reality. This is an issue handled in a proper and normal manner and with ample and modern thought.

Another positive indicator has to do with an increase in the prices of Brady bonds abroad, from 46 percent to above 60 percent. There is an craving for these bonds, perhaps as a result of the reclassification issued by Moodys on the Venezuelan financial risk.

Two months ago he told Congress that the markets would open again to Venezuela, and "they looked at me with disbelief." We managed to place bonds in Germany, and a second bond issue is expected. There are offers in Japan, Italy, and for the first time in the United States. They are talking about an $800 million bond issue.

[Ojeda] In the last administration there was a foiled attempt to enter the U.S. market.

[Matos] In the United States, investors have a different view from what investors may have in Germany. We have specific offers, which means that there is a change of perception with regard to the country. This will be confirmed when the Recovery Fund is approved, because a country will tell the world it will have collateral that will permit it to fulfill its commitments abroad.

[Ojeda] The discussion continues on how this Fund will be funded?

[Matos] I don't know the details. In general, there is unanimity in Congress. I understand there is political will to approve it.

[Ojeda] Does the draft bill speak about an petroleum royalty?

[Matos Azocar] The generation of this initial capital is still being defined. I have spoken about the convenience in order to place some assets of companies that will be privatized, which would generate income and debt purchases in an anticipated manner.

Brady Bonds In Action

[Ojeda] How do you explain that, despite these positive indicators, there is still skepticism regarding economic policies?

[Matos] Of course, there are those who object, especially when we are deep into an inflationary process. The Brady Bond exchange rate growth compared to the official rate has of course caused uncertainty, the same way foreign currency was released at a slower pace during the fourth quarter and is now beginning to recover. All this contributes to the perception that there is no change. This will be cleared-up when the inflation curve drops, when the foreign exchange needed for the productive apparatus begins to flow normally, when the private debt is certified — a process that began last week — and when the budget is approved and expenditures are redirected toward investment. All of these will be factors that will cause an atmosphere of greater optimism.

[Ojeda] Do you believe that the flow shortage of foreign currency is what increased Brady Bond speculation?

[Matos] Not only that. I am convinced that as long as predetermined amounts of foreign currency are announced, a psychological situation is created. It should be known that for the first quarter it will not be $1.3 billion, because this is the amount that the BCV [Central Bank of Venezuela] reckons it should receive. But other income should be included, such as the $250 million from the oil sector opening, which changes the outlook. It is a method that should be reviewed. OTAC [Exchange Administration Technical Office] will deliver to the productive sector an average of $40 million a day.

Against the Speculators

[Ojeda] What actions will the government take against those enterprises that used Brady Bonds to speculate on the exchange rate?

[Matos] I was one of the promoters of the use of the Brady Plan to start creating conditions toward an orderly unification of the currency exchange market. Regrettably, these cases take place and then certain groups, which are fortunately a minority, try to make a killing with great harm to those who produce and consume, because the rate is then affected by artificial indicators. The financial system has to learn that its true profits must be based on loans.

[Ojeda] What will the penalties be?

[Matos] We have decided to act with much firmness to prevent speculation, which EL NACIONAL discovered and reported on very accurately. Regarding penalties, an investigation was started, which is being coordinated between the CNV [National Securities Commission], the Seniat [Integrated National Service for Tax Administration], and the Inspection and Checking Directorate, to detect currency exchange violations.

He highlighted statements by the president of the Electronic Stock Exchange, who welcomed the new decree that regulates Brady Bond prices in the country. Several months ago, when Matos reported Stock Exchange speculations, there "were angry reactions."

Matos Azocar said that, if one speaks of Pension Funds, they will be handled through the stock exchange in due course as a support to the democratization of assets. Abuses to the savings account holders will not be allowed. We need to carry out the procedure with firm steps so that people can have confidence and credibility.

[Matos] It is clear that it is one thing to "speculate" as part of the free competition of supply and demand, and it is another thing to "handle ambiguous information and manipulate it in such a way as to artificially raise prices of goods that are in shortage, and being forced to pay for the price of paper that has been recycled several times within the same group."

A 290 Bolivares Exchange Rate

[Ojeda] Are there plans to eliminate the Brady market?

[Matos] The position the government will adopt with respect to this market will depend of the attitude adopted by the stock exchange and the business sector. When the exchange control is eliminated, the stock exchange will only be able to operate as a securities market. As a prior step to the exchange unification it is necessary to get as close as possible to the real exchange rate. No one anticipates that the official exchange rate in Venezuela will remain at 360 bolivares.

[Ojeda] Is it 290 bolivares?

[Matos] The exchange rate that will be in effect once the control is lifted has not yet been chosen. The option so far being assessed is a fixed rate or a control band. A BCV [Central Bank of Venezuela] and Finance Ministry team will be traveling next week to Washington to meet with IMF officials and evaluate experiences other countries have gone through. "In any case the government's objective is to make an effort to preserve the exchange rate close to 290."

[Ojeda] Is the IMF not opposed to fixing the exchange rate?

[Matos] Only after they have clearly understood what our fiscal policy will be like can we then define the exchange rate, and to this end an IMF mission is currently in Venezuela.

[Ojeda] Which monetary policy mechanism will be selected?

[Matos] We have spoken about the likelihood of reaching to an agreement with respect to the government's debt with the BCV that amounts to 500 billion bolivares. What we are thinking about is some kind of document that can be used by the BCV to drain liquidity from the system without causing any negative effect.

PDVSA [Venezuelan Petroleum Inc.] Stocks Should Not Be Handed Out

The finance minister does not believe the president has proposed the option of paying off accumulated social benefits from the public sector by handing out PDVSA stocks. At any rate, Matos disagrees with the idea of handing out public sector stocks, including PDVSA stocks, directly to the workers.

The minister remembered the Cantv [National Telephone Company of Venezuela] experience. He said that thanks to his speech in Congress, stocks from the telephone company were handed out to workers, however, today, as an academician reviewing his work, he thinks differently.

Cantv personnel are currently trying to sell off their stocks, "even under the table." The minister's new idea is to transfer public sector stocks of the companies being privatized to pension funds because this guarantees a future income depending on the economic activity. In this case, he is not referring to PDVSA for which a Petroleum Investment Fund will be opened in which workers will also participate.

Stocks would not be in individual hands, "meaning there would be no discrimination." Matos said a worker cannot be given privileges in the face of the rest of the community. The options may also include bonds that can be used for housing programs.

[Ojeda] What do you think about PDVSA's possible privatization so that the national treasury would receive more funds?

[Matos] I think that to allow ourselves to be impressed by the current fiscal deficit situation, which is manageable, and to sell a company, the only one that is currently the key in the economy, is to lose our perspectives. It is to be nearsighted.

Matos Azocar said that judging by the way the industry has been performing, an opening is the most appropriate mechanism. He explained that the "drop in the oil sector's contribution to the treasury is the result of the elimination of the Exports Fiscal Value, VFE, [Valor Fiscal de Exportacion], but PDVSA will turn over in 1996 a total of 1.7 billion bolivares as a result of its normal activities. To this we must add what other activities will generate. The changes had a cost but the curve is now moving in the positive direction."

[Ojeda] It has been said that you are putting an eye on PDVSA and want to preside the Assembly.

[Matos] I once saw the statue of a samurai that had eyes all over his body. The finance minister must not only have his eyes placed on PDVSA, but on universities and on public and private enterprises to oversee the proper use of funds. What would become of our country if we were not concerned about tax collection? I do not want the bureaucratic post of chairman of the PDVSA assembly because it is not necessary.

As for the discussion of social benefits, Matos Azocar talked about providing certain social security services through the pension funds. He thinks the agreement that has been reached lays the groundwork for moving forward. The most important thing is that people have understood the importance of revising the system and that it is possible without hurting the workers.

[Ojeda] The key is to increase the minimum wage.

[Matos] The government does not have a negative position. The Finance Ministry took the proper precautionary measures. Estimates made following the revision of the budget, which was renewed, incorporates resources to support the agreement. It cannot cover everyone to prevent a compulsive increase of salaries, but changes to the minimum wage is a positive sign for the new salary policy.

[Ojeda] Will this take place soon?

[Matos] We are aware of that but we did not want to make the mistake of announcing a wage increase within a global program. We are convinced that the business sector should not include among its costs the effects of this decision because a price increase was already made.

Slow Negotiation, But Sovereignty Was Exercised

According to Matos Azocar, there are no intentions to conceal any decision on the gasoline price increase. In his opinion, the government should be given flexibility and autonomy so that the price increase can be announced at the proper time.

He said that before the price of gasoline is brought to levels comparable to the opportunity cost, certain conditions must first be established such as an improvement in the transportation sector, the granting of subsidies, and conversion to gas. Once these phases are completed, there should be no problem because in the cost structure of a small bus, fuel only accounts for 2 percent.

[Ojeda] The IMF does not seem to understand those reasons?

[Matos] The IMF representatives think it is incredible that we are able to market a product that only brings losses to the oil industry, according to their estimates. The topic has turned into an ideological topic for them and for the country. We have to discard this framework and look at it in a pragmatic manner. We have to take a look at the objective considerations that have been made by the public transportation sector.

[Ojeda] Will a formal agreement be reached with the IMF?

[Matos] That is what we and the IMF want. It is an agreement that has been negotiated in accordance with the proposal called Venezuela Agenda. A rapid negotiation would mean we would be surrendering our sovereignty. A slow negotiation is a sovereign and autonomous process in which we reach an agreement with an organization, of which we are a member. It has to be reached within a framework of dignity and respect, in which political, social, and economic aspects are taken into account. We do want the viewpoints of cold technocrats.

[Ojeda] We must be technocrats with a heart.

[Matos] That is the title of a book.

Finally Matos said, "In addition to Yesterday, I like to listen to tangos." As for the "famous" IMF adviser, Matos Azocar prefers him in the book of anecdotes.

Venezuelan Defense Minister: Protests Due to Inflation

PA0602030396 Caracas Venezolana de Television Network in Spanish 0200 GMT 3 Feb 96

[Report by Pedro Prado]

[FBIS Translated Text] Defense Minister Moises Orozco Graterol believes some of the disorders that have taken place in the country were the result of the people's discontent with the increase in the cost of living.

The demonstrations, according to General Orozco Graterol, are already under control. The defense minister says he believes that as the problems, for which the demonstrators are protesting, are resolved, the disorders will disappear. The important thing, the minister said, is that there should be peace and dedication to work because the solution is near.

[Begin Orozco recording] I believe that with the studies that are being conducted on the increase in the minimum wage, the pressures felt by the population, which is currently burdened by constant inflation, will decrease. [end recording]

According to the defense minister, if Interior Minister Ramon Escovar Solom says that there are leftist politicians behind the disorders it is because he has the necessary evidence to assume this.

French Guiana

French Guiana: Ariane Rocket Launches Japanese Satellite

*PA0502132996 Paris AFP in Spanish
1014 GMT 5 Feb 96*

[FBIS Translated Text] Kourou, French Guiana, 5 Feb (AFP) — An Ariane rocket, launch number 83, on Monday successfully set in orbit Japanese satellite N-STAR B, belonging to NTT and NTT DoCoMoal corporations.

The launch took place at the Kourou Space Center (French Guiana) at 0419 (0719 GMT), with a 25-minute delay with regard to the time initially scheduled, 0354 local time.

The delay was caused by a communication problem between the satellite and the ground, just before the computerized synchronized countdown began.

N-STAR B, the ninth Japanese satellite launched by Ariane, will meet its twin, N-STAR A, in orbit since 29 August, and will ensure private telecommunication services in the archipelago, including the island of Okinawa, on four bands of frequency.

The successful operation reflects "the image of our space transportation calling," Charles Bigot, president of Arianespace, said upon explaining that the European rocket launched a satellite that was built in the United States for a Japanese customer.

Bigot stressed that Arianspace requested 10 Ariane-4 supplementary rockets to meet the demand of launches until the year 2000.

Meanwhile, NTT President Tashikawa expressed his satisfaction over the success of the operation, although he admitted that he was a bit nervous when the delay was announced.

"But I have long been convinced that Arianespace and Loral Space Systems are working very well together and I thank them for the efforts of today," Tashikawa added.

In the NTT telecommunications network, N-STAR B will take the place of CS-3 satellite, which is going out of service. So far the Ariane rocket has launched nine Japanese satellites and two more are yet to be placed in orbit.

The next Ariane rocket launch will occur on the evening of 1 March, at which time it will place the Intelsat-707 satellite belonging to the International Organization of Satellite Communications (INTELSAT) in orbit.

Ariane has another 39 satellites to launch, which represents more than 16 billion francs ($3 billion).

In Monday's launch, the rocket put the Japanese satellite in an orbit close to the one expected: 35,945 km of apogee with respect to the 35,963 km that had been planned, 199.7 km of perigee (over 200 km), and with a perfect inclination: 7 degrees over the Equator.

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